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SL INDUSTRIES INC
Form S-1
October 11, 2002

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON OCTOBER 11, 2002
REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SL INDUSTRIES, INC.
(Exact Name of registrant as Specified in Its Charter)

New Jersey
(State or Other Jurisdiction of Incorporation or Organization)

360070
(Primary Standard Industrial Classification Code Number)

21-0682685
(I.R.S. Employer Identification Number)

520 Fellowship Road, Suite A114
Mt. Laurel, NJ 08054
(856) 727-1500
(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant's Principal Executive Offices)

Warren Lichtenstein, Chairman of the Board
SL Industries, Inc.
520 Fellowship Road, Suite A114
Mt. Laurel, NJ 08054
(856) 727-1500
(Name, Address Including Zip Code, and Telephone Number,
Including Area Code, of Agent For Service)

Copy To:
Adam Finerman, Esq.
Olshan Grundman Frome Rosenzweig & Wolosky LLP
505 Park Avenue
New York, NY 10022
(212) 753-7200

Prospectus dated July 10, 2017

The information in this pricing supplement supersedes any conflicting information in the documents listed above. In addition, some of the terms or features described in the listed documents may not apply to your notes.

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We refer to the notes we are offering by this pricing supplement as the “offered notes” or the “notes”. Each of the offered notes has the terms described below. Please note that in this pricing supplement, references to “GS Finance Corp.”, “we”, “our” and “us” mean only GS Finance Corp. and do not include its subsidiaries or affiliates, references to “The Goldman Sachs Group, Inc.”, our parent company, mean only The Goldman Sachs Group, Inc. and do not include its subsidiaries or affiliates and references to “Goldman Sachs” mean The Goldman Sachs Group, Inc. together with its consolidated subsidiaries and affiliates, including us. The notes will be issued under the senior debt indenture, dated as of October 10, 2008, as supplemented by the First Supplemental Indenture, dated as of February 20, 2015, each among us, as issuer, The Goldman Sachs Group, Inc., as guarantor, and The Bank of New York Mellon, as trustee. This indenture, as so supplemented and as further supplemented thereafter, is referred to as the “GSFC 2008 indenture” in the accompanying prospectus supplement. The notes will be issued in book-entry form and represented by a master global note.

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TERMS AND CONDITIONS

(Terms From Pricing Supplement No. Incorporated Into Master Note No. 2)

These terms and conditions relate to pricing supplement no. dated ,2019 of GS Finance Corp. and The Goldman Sachs Group, Inc. with respect to the issuance by GS Finance Corp. of its Callable Contingent Coupon Index-Linked Notes due and the guarantee thereof by The Goldman Sachs Group, Inc.

The provisions below are hereby incorporated into master note no. 2, dated August 22, 2018. References herein to “this note” shall be deemed to refer to “this security” in such master note no. 2, dated August 22, 2018. Certain defined terms may not be capitalized in these terms and conditions even if they are capitalized in master note no. 2, dated August 22, 2018. Defined terms that are not defined in these terms and conditions shall have the meanings indicated in such master note no. 2, dated August 22, 2018, unless the context otherwise requires.

CUSIP / ISIN: 40056EYA0 / US40056EYA09

Company (Issuer): GS Finance Corp.

Guarantor: The Goldman Sachs Group, Inc.

Underliers (each individually, an underlier): the Russell 2000® Index (current Bloomberg symbol: “RTY Index”), or any successor underlier, the NASDAQ-100 Index® (current Bloomberg symbol: “NDX Index”), or any successor underlier, and the S&P 500® Index (current Bloomberg symbol: “SPX Index”), or any successor underlier, as each may be modified, replaced or adjusted from time to time as provided herein

Face amount: \$ in the aggregate on the original issue date; the aggregate face amount may be increased if the company, at its sole option, decides to sell an additional amount on a date subsequent to the trade date

Authorized denominations: \$1,000 or any integral multiple of \$1,000 in excess thereof

Principal amount: Subject to redemption by the company as provided under “— Company’s redemption right ” below, on the stated maturity date, in addition to the final coupon, if any, the company will pay, for each \$1,000 of the outstanding face amount, an amount, if any, in cash equal to the cash settlement amount.

Cash settlement amount:

•if the final underlier level of each underlier is greater than or equal to its trigger buffer level, \$1,000; or
•if the final underlier level of any underlier is less than its trigger buffer level, the sum of (i) \$1,000 plus (ii) the product of (a) the lesser performing underlier return times (b) \$1,000

Company’s redemption right: the company may redeem the notes, at its option, in whole but not in part, on each coupon payment date commencing in March 2020 and ending in December 2023 for an amount in cash for each \$1,000 of the outstanding face amount on the redemption date equal to 100% of such \$1,000 face amount plus any coupon then due.

If the company chooses to exercise the company’s redemption right, it will notify the holder of your notes and the trustee by giving at least ten business days’ prior notice. The day the company gives the notice, which will be a business day, will be the redemption notice date and the immediately following coupon payment date, which the company will state in the redemption notice, will be the redemption date.

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The company will not give a redemption notice that results in a redemption date later than the December 2023 coupon payment date. A redemption notice, once given, shall be irrevocable.

Initial underlier level (set on the trade date): with respect to an underlier, the closing level of such underlier on the trade date

Final underlier level: with respect to an underlier, the closing level of such underlier on the determination date, subject to adjustment as provided in “— Consequences of a market disruption event or non-trading day” and “— Discontinuance or modification of an underlier” below

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Underlier return: with respect to an underlier on the determination date, the quotient of (i) its final underlier level minus its initial underlier level divided by (ii) its initial underlier level, expressed as a positive or negative percentage

Lesser performing underlier return: the underlier return of the lesser performing underlier

Lesser performing underlier: the underlier with the lowest underlier return

Trigger buffer level: for each underlier, 60% of its initial underlier level

Coupon (set on the trade date): subject to the company's redemption right, on each coupon payment date, for each \$1,000 of the outstanding face amount, the company will pay an amount in cash equal to:

• if the closing level of each underlier on the related coupon observation date is greater than or equal to its coupon trigger level, between \$13.125 and \$14.375; or

• if the closing level of any underlier on the related coupon observation date is less than its coupon trigger level, \$0

Coupon trigger level: for each underlier, 60% of its initial underlier level

Trade date: expected to be March 14, 2019

Original issue date (set on the trade date): expected to be March 19, 2019

Determination date: the last coupon observation date, expected to be March 5, 2024, subject to adjustment as described under “— Coupon observation dates” below. If the stated maturity date is postponed due to a non-business day as described under “Stated maturity date” below, such postponement of the stated maturity date will not postpone the determination date.

Stated maturity date (set on the trade date): expected to be March 19, 2024, unless that day is not a business day, in which case the stated maturity date will be postponed to the next following business day. If the determination date is postponed as described under “— Determination date” above, such postponement of the determination date will not postpone the stated maturity date.

Coupon observation dates (set on the trade date): expected to be the tenth scheduled trading day for all underliers prior to each coupon payment date, unless the calculation agent determines that, with respect to any underlier, a market disruption event occurs or is continuing on that day or that day is not otherwise a trading day. If a coupon payment date is postponed due to a non-business day as described under “— Coupon payment dates” below, such postponement of the coupon payment date will not postpone the related coupon observation date.

In the event the originally scheduled coupon observation date is a non-trading day with respect to any underlier, the coupon observation date will be the first day thereafter that is a trading day for all underliers (the “first qualified coupon trading day”) provided that no market disruption event occurs or is continuing with respect to an underlier on that day. If a market disruption event with respect to an underlier occurs or is continuing on the originally scheduled coupon observation date or the first qualified coupon trading day, the coupon observation date will be the first following trading day on which the calculation agent determines that each underlier has had at least one trading day (from and including the originally scheduled coupon observation date or the first qualified coupon trading day, as applicable) on which no market disruption event has occurred or is continuing and the closing level of each underlier for that coupon observation date will be determined on or prior to the postponed coupon observation date as set forth under “— Consequences of a market disruption event or a non-trading day” below. (In such case, the coupon observation date may differ from the date on which the level of an underlier is determined for the purpose of the calculations to be performed on the coupon observation date.) In no event, however, will the coupon observation date be postponed by more than three scheduled trading days for all underliers from the originally scheduled coupon observation date either due to the occurrence of serial non-trading days or due to the occurrence of one or more market disruption

events. (For the avoidance of doubt, a day that is a scheduled trading day for only one underlier will not count as one of the three scheduled trading days for this purpose.) On such last possible coupon observation date applicable to the relevant coupon payment date, if a market disruption event occurs or is continuing with respect to an underlier that has not yet had such a trading day on which no market disruption event has occurred or is

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continuing or if such last possible day is not a trading day with respect to such underlier, that day will nevertheless be the coupon observation date.

Coupon payment dates (set on the trade date): expected to be the 19th day of each March, June, September and December, commencing in June 2019 and ending on the stated maturity date, unless, for any such coupon payment date, that day is not a business day, in which case such coupon payment date will be postponed to the next following business day. If a coupon observation date is postponed as described under — “Coupon observation dates” above, such postponement of the coupon observation date will not postpone the related coupon payment date.

Closing level: on any trading day, (i) with respect to the Russell 2000[®] Index, the closing level of such underlier or any successor underlier reported by Bloomberg Financial Services, or any successor reporting service the company may select, on such trading day for that underlier (as of the trade date, whereas the underlier sponsor publishes the official closing level of the Russell 2000[®] Index to six decimal places, Bloomberg Financial Services reports the closing level to fewer decimal places) and (ii) with respect to the NASDAQ-100 Index[®] or the S&P 500[®] Index, the official closing level of such underlier or any successor underlier published by the underlier sponsor on such trading day for such underlier

Trading day: with respect to an underlier, a day on which the respective principal securities markets for all of its underlier stocks are open for trading, the underlier sponsor is open for business and such underlier is calculated and published by the underlier sponsor. A day is a scheduled trading day with respect to an underlier if, as of the trade date, the respective principal securities markets for all of its underlier stocks are scheduled to be open for trading, the underlier sponsor is scheduled to be open for business and such underlier is expected to be calculated and published by the underlier sponsor on such day.

Successor underlier: with respect to an underlier, any substitute underlier approved by the calculation agent as a successor as provided under “— Discontinuance or modification of an underlier” below

Underlier sponsor: with respect to an underlier, at any time, the person or entity, including any successor sponsor, that determines and publishes such underlier as then in effect. The notes are not sponsored, endorsed, sold or promoted by any underlier sponsor or any affiliate thereof and no underlier sponsor or affiliate thereof makes any representation regarding the advisability of investing in the notes.

Underlier stocks: with respect to an underlier, at any time, the stocks that comprise such underlier as then in effect, after giving effect to any additions, deletions or substitutions

Market disruption event: With respect to any given trading day, any of the following will be a market disruption event with respect to an underlier:

a suspension, absence or material limitation of trading in underlier stocks constituting 20% or more, by weight, of the underlier on their respective primary markets, in each case for more than two consecutive hours of trading or during the one-half hour before the close of trading in that market, as determined by the calculation agent in its sole discretion,

a suspension, absence or material limitation of trading in option or futures contracts relating to the underlier or to underlier stocks constituting 20% or more, by weight, of such underlier in the respective primary markets for those contracts, in each case for more than two consecutive hours of trading or during the one-half hour before the close of trading in that market, as determined by the calculation agent in its sole discretion, or

underlier stocks constituting 20% or more, by weight, of the underlier, or option or futures contracts, if available, relating to an underlier or to underlier stocks constituting 20% or more, by weight, of the underlier do not trade on what were the respective primary markets for those underlier stocks or contracts, as determined by the calculation agent in its sole discretion,

and, in the case of any of these events, the calculation agent determines in its sole discretion that such event could materially interfere with the ability of the company or any of its affiliates or a similarly situated person to unwind all or a material portion of a hedge that could be effected with respect to this note.

The following events will not be market disruption events:

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a limitation on the hours or numbers of days of trading, but only if the limitation results from an announced change in the regular business hours of the relevant market, and

a decision to permanently discontinue trading in option or futures contracts relating to an underlier or to any underlier stock.

For this purpose, an “absence of trading” in the primary securities market on which an underlier stock is traded, or on which option or futures contracts relating to an underlier or an underlier stock are traded, will not include any time when that market is itself closed for trading under ordinary circumstances. In contrast, a suspension or limitation of trading in an underlier stock or in option or futures contracts, if available, relating to an underlier or an underlier stock in the primary market for that stock or those contracts, by reason of:

a price change exceeding limits set by that market,

an imbalance of orders relating to that underlier stock or those contracts, or

a disparity in bid and ask quotes relating to that underlier stock or those contracts,

will constitute a suspension or material limitation of trading in that stock or those contracts in that market.

A market disruption event with respect to one underlier will not, by itself, constitute a market disruption event for the other unaffected underliers.

As is the case throughout this pricing supplement, references to the underlier in this description of market disruption events includes any successor underlier as it may be modified, replaced or adjusted from time to time.

Consequences of a market disruption event or a non-trading day: With respect to any underlier, if a market disruption event occurs or is continuing on a day that would otherwise be a coupon observation date (and the determination date in the case of the last coupon observation date), or such day is not a trading day, then such coupon observation date will be postponed as described under “— Coupon observation dates” above. If any coupon observation date (and the determination date in the case of the last coupon observation date) is postponed to the last possible date due to the occurrence of serial non-trading days, the level of each underlier will be the calculation agent’s assessment of such level, in its sole discretion, on such last possible postponed coupon observation date (and the determination date in the case of the last coupon observation date). If any coupon observation date (and the determination date in the case of the last coupon observation date) is postponed due to a market disruption event with respect to any underlier, the closing level of each underlier with respect to such coupon observation date (and the final underlier level with respect to the determination date) will be calculated based on (i) for any underlier that is not affected by a market disruption event on the applicable originally scheduled coupon observation date or the first qualified coupon trading day thereafter (if applicable), the closing level of the underlier on that date, (ii) for any underlier that is affected by a market disruption event on the applicable originally scheduled coupon observation date or the first qualified coupon trading day thereafter (if applicable), the closing level of the underlier on the first following trading day on which no market disruption event exists for such underlier and (iii) the calculation agent’s assessment, in its sole discretion, of the level of any underlier on the last possible postponed coupon observation date with respect to such underlier as to which a market disruption event continues through the last possible postponed coupon observation date. As a result, this could result in the closing level on any coupon observation date (or final underlier level on the determination date) of each underlier being determined on different calendar dates. For the avoidance of doubt, once the closing level for an underlier is determined for a coupon observation date (or the determination date in the case of the last coupon observation date), the occurrence of a later market disruption event or non-trading day will not alter such calculation.

Discontinuance or modification of an underlier: If an underlier sponsor discontinues publication of an underlier and such underlier sponsor or anyone else publishes a substitute underlier that the calculation agent determines is comparable to such underlier and approves as a successor underlier, or if the calculation agent designates a substitute underlier, then the calculation agent will determine the coupon payable, if any, on the relevant coupon payment date or the cash settlement amount on the stated maturity date, as applicable, by reference to such successor underlier.

If the calculation agent determines on a coupon observation date or the determination date, as applicable, that the publication of an underlier is discontinued and there is no successor underlier, the calculation agent will determine the coupon or the cash settlement amount, as applicable, on the related coupon payment date or the stated maturity date, as applicable, by a computation methodology that the calculation agent determines will as closely as reasonably possible replicate such underlier.

If the calculation agent determines that an underlier, the underlier stocks comprising that underlier or the method of calculating that underlier is changed at any time in any respect — including any split or reverse-split and any addition, deletion or substitution and any reweighting or rebalancing of the underlier or of the underlier stocks and whether the change is made by the underlier sponsor under its existing policies or following a modification of those policies, is due to the publication of a successor underlier, is due to events affecting one or more of the underlier stocks or their issuers or is due to any other reason — and is not otherwise reflected in the level of the underlier by the underlier sponsor pursuant to the then-current underlier methodology of the underlier, then the calculation agent will be permitted (but not required) to make such adjustments in such underlier or the method of its calculation as it believes are appropriate to ensure that the levels of such underlier used to determine the coupon or cash settlement amount, as applicable, on the related coupon payment date or the stated maturity date, as applicable, is equitable.

All determinations and adjustments to be made by the calculation agent with respect to an underlier may be made by the calculation agent in its sole discretion. The calculation agent is not obligated to make any such adjustments.

Regular record dates: the scheduled business day immediately preceding the day on which payment is to be made (as such payment date may be adjusted)

Calculation agent: Goldman Sachs & Co. LLC (“GS&Co.”)

Tax characterization: The holder, on behalf of itself and any other person having a beneficial interest in this note, hereby agrees with the company (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to characterize this note for all U.S. federal income tax purposes as an income-bearing pre-paid derivative contract in respect of the underliers.

Overdue principal rate and overdue coupon rate: the effective Federal Funds rate

Hypothetical Examples

The following examples are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate (i) the impact that various hypothetical closing levels of the underliers on a coupon observation date could have on the coupon payable, if any, on the related coupon payment date and (ii) the impact that various hypothetical closing levels of the lesser performing underlier on the determination date could have on the cash settlement amount at maturity assuming all other variables remain constant.

The examples below are based on a range of underlier levels that are entirely hypothetical; no one can predict what the closing level of any underlier will be on any day throughout the life of your notes, what the closing level of any underlier will be on any coupon observation date and what the final underlier level of the lesser performing underlier will be on the determination date. The underliers have been highly volatile in the past — meaning that the underlier levels have changed substantially in relatively short periods — and their performance cannot be predicted for any future period.

The information in the following examples reflects hypothetical rates of return on the offered notes assuming that they are purchased on the original issue date at the face amount and held to the stated maturity date or date of early redemption. If you sell your notes in a secondary market prior to the stated maturity date or date of early redemption, as the case may be, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the examples below such as interest rates, the volatility of the underliers, the creditworthiness of GS Finance Corp., as issuer, and the creditworthiness of The Goldman Sachs Group, Inc., as guarantor. In addition, the estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by GS&Co.) is less than the original issue price of your notes. For more information on the estimated value of your notes, see “Additional Risk Factors Specific to Your Notes — The Estimated Value of Your Notes At the Time the Terms of Your Notes Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your Notes” on page PS-12 of this pricing supplement. The information in the examples also reflects the key terms and assumptions in the box below.

Key Terms and Assumptions

Face amount \$1,000

Coupon \$13.125

Trigger buffer level with respect to each underlier, 60% of its initial underlier level

Coupon trigger level with respect to each underlier, 60% of its initial underlier level

Neither a market disruption event nor a non-trading day occurs on any originally scheduled coupon observation date or the originally scheduled determination date

No change in or affecting any of the underlier stocks or the method by which the applicable underlier sponsor calculates any underlier

Notes purchased on original issue date at the face amount and held to the stated maturity date or date of early redemption

Moreover, we have not yet set the initial underlier levels that will serve as the baseline for determining the coupon payable on each coupon payment date, if any, the underlier returns and the amount that we will pay on your notes, if any, at maturity. We will not do so until the trade date. As a result, the actual initial underlier levels may differ substantially from the underlier levels prior to the trade date. They may also differ substantially from the underlier

levels at the time you purchase your notes.

For these reasons, the actual performance of the underliers over the life of your notes, the actual underlier levels on any coupon observation date, as well as the coupon payable, if any, on each coupon payment date, may bear little relation to the hypothetical examples shown below or to the historical underlier levels shown elsewhere in this pricing supplement. For information about the underlier levels during recent periods, see “The Underliers — Historical Closing Levels of the Underliers” on page PS-26. Before investing in the notes, you should consult publicly available information to determine the underlier levels between the date of this pricing supplement and the date of your purchase of the notes.

Also, the hypothetical examples shown below do not take into account the effects of applicable taxes. Because of the U.S. tax treatment applicable to your notes, tax liabilities could affect the after-tax rate of return on your notes to a comparatively greater extent than the after-tax return on the underlier stocks.

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Hypothetical Coupon Payments

The examples below show hypothetical performances of each underlier as well as the hypothetical coupons, if any, that we would pay on each coupon payment date with respect to each \$1,000 face amount of the notes if the hypothetical closing level of each underlier on the applicable coupon observation date was the percentage of its initial underlier level shown.

Scenario 1

First	110%	30%	40%	\$0
Second	50%	50%	50%	\$0
Third	40%	50%	55%	\$0
Fourth	70%	80%	85%	\$13.125
Fifth	55%	45%	50%	\$0
Sixth	50%	45%	55%	\$0
Seventh	80%	85%	95%	\$13.125
Eighth	40%	70%	50%	\$0
Ninth	40%	55%	50%	\$0
Tenth	70%	110%	45%	\$0
Eleventh	50%	55%	110%	\$0
Twelfth – Twentieth	55%	40%	50%	\$0
			Total Hypothetical Coupons	\$26.25

In Scenario 1, the hypothetical closing level of each underlier increases and decreases by varying amounts on each hypothetical coupon observation date. Because the hypothetical closing level of each underlier on the fourth and seventh hypothetical coupon observation dates is greater than or equal to its hypothetical coupon trigger level, the total of the hypothetical coupons in Scenario 1 is \$26.25. Because the hypothetical closing level of at least one underlier on all other hypothetical coupon observation dates is less than its hypothetical coupon trigger level, no further coupons will be paid, including at maturity.

Scenario 2

First	50%	110%	40%	\$0
Second	55%	50%	65%	\$0
Third	40%	45%	55%	\$0
Fourth	45%	55%	40%	\$0
Fifth	50%	40%	65%	\$0
Sixth	110%	70%	55%	\$0
Seventh	35%	40%	45%	\$0
Eighth	45%	50%	40%	\$0
Ninth	55%	40%	55%	\$0
Tenth	50%	50%	50%	\$0
Eleventh	40%	45%	110%	\$0
Twelfth – Twentieth	55%	50%	40%	\$0
			Total Hypothetical Coupons	\$0

In Scenario 2, the hypothetical closing level of each underlier increases and decreases by varying amounts on each hypothetical coupon observation date. Because in each case the hypothetical closing level of at least one underlier on the related coupon observation date is less than its hypothetical coupon trigger level, you will not receive a coupon payment on the applicable hypothetical coupon payment date. Since this occurs on every hypothetical coupon observation date, the overall return you earn on your notes will be less than zero. Therefore, the total of the hypothetical coupons in Scenario 2 is \$0.

Scenario 3

First	50%	40%	45%	\$0
Second	55%	50%	40%	\$0
Third	50%	45%	55%	\$0
Fourth	110%	105%	115%	\$13.125
			Total Hypothetical Coupons	\$13.125

In Scenario 3, the hypothetical closing level of each underlier is less than its hypothetical coupon trigger level on the first three hypothetical coupon observation dates, but increases to a level that is greater than its hypothetical initial underlier level on the fourth hypothetical coupon observation date. Further, we also exercise our early redemption right with respect to a redemption on the fourth coupon payment date (which is also the first hypothetical date with respect to which we could exercise such right). Therefore, on the fourth coupon payment date (the redemption date), in addition to the hypothetical coupon of \$13.125, you will receive an amount in cash equal to \$1,000 for each \$1,000 face amount of your notes.

Hypothetical Payment at Maturity

If the notes are not redeemed, the cash settlement amount we would deliver for each \$1,000 face amount of your notes on the stated maturity date will depend on the performance of the lesser performing underlier on the determination date, as shown in the table below. The table below assumes that the notes have not been redeemed, does not include the final coupon, if any, and reflects hypothetical cash settlement amounts that you could receive on the stated maturity date. If the final underlier level of the lesser performing underlier (as a percentage of the initial underlier level) is less than its coupon trigger level, you will not be paid a final coupon at maturity.

The levels in the left column of the table below represent hypothetical final underlier levels of the lesser performing underlier and are expressed as percentages of the initial underlier level of the lesser performing underlier. The amounts in the right column represent the hypothetical cash settlement amounts, based on the corresponding hypothetical final underlier level of the lesser performing underlier (expressed as a percentage of the initial underlier level of the lesser performing underlier), and are expressed as percentages of the face amount of a note (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical cash settlement amount of 100.000% means that the value of the cash payment that we would deliver for each \$1,000 of the outstanding face amount of the offered notes on the stated maturity date would equal 100.000% of the face amount of a note, based on the corresponding hypothetical final underlier level of the lesser performing underlier (expressed as a percentage of the initial underlier level of the lesser performing underlier) and the assumptions noted above.

The Notes Have Not Been Redeemed

Hypothetical Final Underlier Level of the Lesser Performing Underlier (as Percentage of Initial Underlier Level)	Hypothetical Cash Settlement Amount (as Percentage of Face Amount)
175.000%	100.000%*

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150.000%	100.000%*
125.000%	100.000%*
100.000%	100.000%*
80.000%	100.000%*
70.000%	100.000%*
60.000%	100.000%*
59.999%	59.999%
50.000%	50.000%
35.000%	35.000%
25.000%	25.000%
10.000%	10.000%
0.000%	0.000%

*Does not include the final coupon

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If, for example, the notes have not been redeemed and the final underlier level of the lesser performing underlier were determined to be 25.000% of its initial underlier level, the cash settlement amount that we would deliver on your notes at maturity would be 25.000% of the face amount of your notes, as shown in the table above. As a result, if you purchased your notes on the original issue date at the face amount and held them to the stated maturity date, you would lose 75.000% of your investment (if you purchased your notes at a premium to face amount you would lose a correspondingly higher percentage of your investment). In addition, if the final underlier level of the lesser performing underlier were determined to be 175.000% of its initial underlier level, the cash settlement amount that we would deliver on your notes at maturity would be limited to 100.000% of each \$1,000 face amount of your notes, as shown in the table above. As a result, if you held your notes to the stated maturity date, you would not benefit from any increase in the final underlier level over the initial underlier level.

The cash settlement amounts shown above are entirely hypothetical; they are based on market prices for the underlier stocks that may not be achieved on the determination date and on assumptions that may prove to be erroneous. The actual market value of your notes on the stated maturity date or at any other time, including any time you may wish to sell your notes, may bear little relation to the hypothetical cash settlement amounts shown above, and these amounts should not be viewed as an indication of the financial return on an investment in the offered notes. The hypothetical cash settlement amounts on notes held to the stated maturity date in the examples above assume you purchased your notes at their face amount and have not been adjusted to reflect the actual issue price you pay for your notes. The return on your investment (whether positive or negative) in your notes will be affected by the amount you pay for your notes. If you purchase your notes for a price other than the face amount, the return on your investment will differ from, and may be significantly lower than, the hypothetical returns suggested by the above examples. Please read “Additional Risk Factors Specific to the Notes — The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors” on page S-3 of the accompanying general terms supplement no. 1,734.

Payments on the notes are economically equivalent to the amounts that would be paid on a combination of other instruments. For example, payments on the notes are economically equivalent to a combination of an interest-bearing bond bought by the holder and one or more options entered into between the holder and us (with one or more implicit option premiums paid over time). The discussion in this paragraph does not modify or affect the terms of the notes or the U.S. federal income tax treatment of the notes, as described elsewhere in this pricing supplement.

We cannot predict the actual closing levels of the underliers on any day, the final underlier levels of the underliers or what the market value of your notes will be on any particular trading day, nor can we predict the relationship between the closing levels of the underliers and the market value of your notes at any time prior to the stated maturity date. The actual coupon payment, if any, that a holder of the notes will receive on each coupon payment date, the actual amount that you will receive at maturity, if any, and the rate of return on the offered notes will depend on whether or not the notes are redeemed and the actual initial underlier levels, which we will set on the trade date, and on the actual closing levels of the underliers and the actual final underlier levels determined by the calculation agent as described above. Moreover, the assumptions on which the hypothetical examples are based may turn out to be inaccurate. Consequently, the coupon to be paid in respect of your notes, if any, and the cash amount to be paid in respect of your notes on the stated maturity date, if any, may be very different from the information reflected in the examples above.

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Additional Risk Factors Specific to Your Notes

An investment in your notes is subject to the risks described below, as well as the risks and considerations described in the accompanying prospectus, in the accompanying prospectus supplement and under “Additional Risk Factors Specific to the Notes” in the accompanying general terms supplement no. 1,734. You should carefully review these risks and considerations as well as the terms of the notes described herein and in the accompanying prospectus, the accompanying prospectus supplement and the accompanying general terms supplement no. 1,734. Your notes are a riskier investment than ordinary debt securities. Also, your notes are not equivalent to investing directly in the underlier stocks, i.e., with respect to an underlier to which your notes are linked, the stocks comprising such underlier. You should carefully consider whether the offered notes are suited to your particular circumstances.

The Estimated Value of Your Notes At the Time the Terms of Your Notes Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your Notes

The original issue price for your notes exceeds the estimated value of your notes as of the time the terms of your notes are set on the trade date, as determined by reference to GS&Co.’s pricing models and taking into account our credit spreads. Such estimated value on the trade date is set forth above under “Estimated Value of Your Notes”; after the trade date, the estimated value as determined by reference to these models will be affected by changes in market conditions, the creditworthiness of GS Finance Corp., as issuer, the creditworthiness of The Goldman Sachs Group, Inc., as guarantor, and other relevant factors. The price at which GS&Co. would initially buy or sell your notes (if GS&Co. makes a market, which it is not obligated to do), and the value that GS&Co. will initially use for account statements and otherwise, also exceeds the estimated value of your notes as determined by reference to these models. As agreed by GS&Co. and the distribution participants, this excess (i.e., the additional amount described under “Estimated Value of Your Notes”) will decline to zero on a straight line basis over the period from the date hereof through the applicable date set forth above under “Estimated Value of Your Notes”. Thereafter, if GS&Co. buys or sells your notes it will do so at prices that reflect the estimated value determined by reference to such pricing models at that time. The price at which GS&Co. will buy or sell your notes at any time also will reflect its then current bid and ask spread for similar sized trades of structured notes.

In estimating the value of your notes as of the time the terms of your notes are set on the trade date, as disclosed above under “Estimated Value of Your Notes”, GS&Co.’s pricing models consider certain variables, including principally our credit spreads, interest rates (forecasted, current and historical rates), volatility, price-sensitivity analysis and the time to maturity of the notes. These pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. As a result, the actual value you would receive if you sold your notes in the secondary market, if any, to others may differ, perhaps materially, from the estimated value of your notes determined by reference to our models due to, among other things, any differences in pricing models or assumptions used by others. See “Additional Risk Factors Specific to the Notes — The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors” on page S-3 of the accompanying general terms supplement no. 1,734.

The difference between the estimated value of your notes as of the time the terms of your notes are set on the trade date and the original issue price is a result of certain factors, including principally the underwriting discount and commissions, the expenses incurred in creating, documenting and marketing the notes, and an estimate of the difference between the amounts we pay to GS&Co. and the amounts GS&Co. pays to us in connection with your notes. We pay to GS&Co. amounts based on what we would pay to holders of a non-structured note with a similar maturity. In return for such payment, GS&Co. pays to us the amounts we owe under your notes.

In addition to the factors discussed above, the value and quoted price of your notes at any time will reflect many factors and cannot be predicted. If GS&Co. makes a market in the notes, the price quoted by GS&Co. would reflect any changes in market conditions and other relevant factors, including any deterioration in our creditworthiness or

perceived creditworthiness or the creditworthiness or perceived creditworthiness of The Goldman Sachs Group, Inc. These changes may adversely affect the value of your notes, including the price you may receive for your notes in any market making transaction. To the extent that GS&Co. makes a market

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in the notes, the quoted price will reflect the estimated value determined by reference to GS&Co.'s pricing models at that time, plus or minus its then current bid and ask spread for similar sized trades of structured notes (and subject to the declining excess amount described above).

Furthermore, if you sell your notes, you will likely be charged a commission for secondary market transactions, or the price will likely reflect a dealer discount. This commission or discount will further reduce the proceeds you would receive for your notes in a secondary market sale.

There is no assurance that GS&Co. or any other party will be willing to purchase your notes at any price and, in this regard, GS&Co. is not obligated to make a market in the notes. See “— Your Notes May Not Have an Active Trading Market” below.

The Notes Are Subject to the Credit Risk of the Issuer and the Guarantor

Although the coupons (if any) and return on the notes will be based on the performance of each underlier, the payment of any amount due on the notes is subject to the credit risk of GS Finance Corp., as issuer of the notes, and the credit risk of The Goldman Sachs Group, Inc., as guarantor of the notes. The notes are our unsecured obligations. Investors are dependent on our ability to pay all amounts due on the notes, and therefore investors are subject to our credit risk and to changes in the market's view of our creditworthiness. Similarly, investors are dependent on the ability of The Goldman Sachs Group, Inc., as guarantor of the notes, to pay all amounts due on the notes, and therefore are also subject to its credit risk and to changes in the market's view of its creditworthiness. See “Description of the Notes We May Offer — Information About Our Medium-Term Notes, Series E Program — How the Notes Rank Against Other Debt” on page S-4 of the accompanying prospectus supplement and “Description of Debt Securities We May Offer – Guarantee by The Goldman Sachs Group, Inc.” on page 42 of the accompanying prospectus.

You May Lose Your Entire Investment in the Notes

You can lose your entire investment in the notes. Subject to our redemption right, the cash settlement amount on your notes, if any, on the stated maturity date will be based on the performance of the lesser performing of the underliers as measured from their initial underlier levels set on the trade date to their closing levels on the determination date. If the final underlier level of the lesser performing underlier for your notes is less than its trigger buffer level, you will have a loss for each \$1,000 of the face amount of your notes equal to the product of the lesser performing underlier return times \$1,000. Thus, you may lose your entire investment in the notes, which would include any premium to face amount you paid when you purchased the notes.

Also, the market price of your notes prior to the stated maturity date may be significantly lower than the purchase price you pay for your notes. Consequently, if you sell your notes before the stated maturity date, you may receive far less than the amount of your investment in the notes.

The Return on Your Notes May Change Significantly Despite Only a Small Change in the Level of the Lesser Performing Underlier

If your notes are not redeemed and the final underlier level of the lesser performing underlier is less than its trigger buffer level, you will receive less than the face amount of your notes and you could lose all or a substantial portion of your investment in the notes. This means that while a decrease in the final underlier level of the lesser performing underlier to its trigger buffer level will not result in a loss of principal on the notes, a decrease in the final underlier level of the lesser performing underlier to less than its trigger buffer level will result in a loss of a significant portion of the face amount of the notes despite only a small change in the level of the lesser performing underlier.

You May Not Receive a Coupon on Any Coupon Payment Date

If the closing level of any underlier on the related coupon observation date is less than its coupon trigger level, you will not receive a coupon payment on the applicable coupon payment date. If this occurs on every coupon observation date, the overall return you earn on your notes will be less than zero and such return will be less than you would have earned by investing in a note that bears interest at the prevailing market rate.

You will only receive a coupon on a coupon payment date if the closing level of each underlier on the related coupon observation date is greater than or equal to its coupon trigger level. You should be aware that, with respect to any prior coupon observation dates that did not result in the payment of a coupon, you will not be compensated for any opportunity cost implied by inflation and other factors relating to the time value of

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money. Further, there is no guarantee that you will receive any coupon payment with respect to the notes at any time and you may lose your entire investment in the notes.

We Are Able to Redeem Your Notes at Our Option

On each coupon payment date commencing in March 2020 and ending in December 2023, we will be permitted to redeem your notes at our option. Even if we do not exercise our option to redeem your notes, our ability to do so may adversely affect the value of your notes. It is our sole option whether to redeem your notes prior to maturity and we may or may not exercise this option for any reason. Because of this redemption option, the term of your notes could be reduced.

The Coupon Does Not Reflect the Actual Performance of the Underliers from the Trade Date to Any Coupon Observation Date or from Coupon Observation Date to Coupon Observation Date

The coupon for each quarterly coupon payment date is different from, and may be less than, a coupon determined based on the percentage difference of the closing levels of the underliers between the trade date and any coupon observation date or between two coupon observation dates. Accordingly, the coupons, if any, on the notes may be less than the return you could earn on another instrument linked to the underliers that pays coupons based on the performance of the underliers from the trade date to any coupon observation date or from coupon observation date to coupon observation date.

The Cash Settlement Amount Will Be Based Solely on the Lesser Performing Underlier

If the notes are not redeemed by us, the cash settlement amount will be based on the lesser performing underlier without regard to the performance of the other underliers. As a result, you could lose all or some of your initial investment if the lesser performing underlier return is negative, even if there is an increase in the level of the other underliers. This could be the case even if the other underliers increased by an amount greater than the decrease in the lesser performing underlier.

If You Purchase Your Notes at a Premium to Face Amount, the Return on Your Investment Will Be Lower Than the Return on Notes Purchased at Face Amount and the Impact of Certain Key Terms of the Notes Will Be Negatively Affected

The cash settlement amount you will be paid for your notes on the stated maturity date, if any, or the amount we will pay you upon any early redemption of your notes will not be adjusted based on the issue price you pay for the notes. If you purchase notes at a price that differs from the face amount of the notes, then the return on your investment in such notes held to the stated maturity date or date of early redemption will differ from, and may be substantially less than, the return on notes purchased at face amount. If you purchase your notes at a premium to face amount and hold them to the stated maturity date or date of early redemption, the return on your investment in the notes will be lower than it would have been had you purchased the notes at face amount or a discount to face amount.

As Compared to Other Underlier Sponsors, Nasdaq, Inc. Retains Significant Control and Discretionary Decision-Making Over the NASDAQ-100 Index[®], Which May Have an Adverse Effect on the Level of the NASDAQ-100 Index[®] and on Your Notes

Pursuant to the NASDAQ-100 Index[®] methodology, Nasdaq, Inc. retains the right, from time to time, to exercise reasonable discretion as it deems appropriate in order to ensure NASDAQ-100 Index[®] integrity, including, but not limited to, changes to quantitative inclusion criteria. Nasdaq, Inc. may also, due to special circumstances, apply discretionary adjustments to ensure and maintain quality of the NASDAQ-100 Index[®]. Although it is unclear how and

to what extent this discretion could or would be exercised, it is possible that it could be exercised by Nasdaq, Inc. in a manner that materially and adversely affects the level of the NASDAQ-100 Index[®] and therefore your notes. Nasdaq, Inc. is not obligated to, and will not, take account of your interests in exercising the discretion described above.

You Have No Shareholder Rights or Rights to Receive Any Underlier Stock

Investing in your notes will not make you a holder of any of the underlier stocks. Neither you nor any other holder or owner of your notes will have any rights with respect to the underlier stocks, including any voting rights, any right to receive dividends or other distributions, any rights to make a claim against the underlier stocks or any other rights of a holder of the underlier stocks. Your notes will be paid in cash, as will any coupon payments, and you will have no right to receive delivery of any underlier stocks.

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Your Notes May Not Have an Active Trading Market

Your notes will not be listed or displayed on any securities exchange or included in any interdealer market quotation system, and there may be little or no secondary market for your notes. Even if a secondary market for your notes develops, it may not provide significant liquidity and we expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your notes in any secondary market could be substantial.

We May Sell an Additional Aggregate Face Amount of the Notes at a Different Issue Price

At our sole option, we may decide to sell an additional aggregate face amount of the notes subsequent to the date of this pricing supplement. The issue price of the notes in the subsequent sale may differ substantially (higher or lower) from the issue price you paid as provided on the cover of this pricing supplement.

An Investment in the Offered Notes Is Subject to Risks Associated with Foreign Securities

The value of your notes is linked, in part, to an underlier that is comprised, in part, of stocks from one or more foreign securities markets. Investments linked to the value of foreign equity securities involve particular risks. Any foreign securities market may be less liquid, more volatile and affected by global or domestic market developments in a different way than are the U.S. securities market or other foreign securities markets. Both government intervention in a foreign securities market, either directly or indirectly, and cross-shareholdings in foreign companies, may affect trading prices and volumes in that market. Also, there is generally less publicly available information about foreign companies than about those U.S. companies that are subject to the reporting requirements of the U.S. Securities and Exchange Commission. Further, foreign companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

The prices of securities in a foreign country are subject to political, economic, financial and social factors that are unique to such foreign country's geographical region. These factors include: recent changes, or the possibility of future changes, in the applicable foreign government's economic and fiscal policies; the possible implementation of, or changes in, currency exchange laws or other laws or restrictions applicable to foreign companies or investments in foreign equity securities; fluctuations, or the possibility of fluctuations, in currency exchange rates; and the possibility of outbreaks of hostility, political instability, natural disaster or adverse public health developments. The United Kingdom has voted to leave the European Union (popularly known as "Brexit"). The effect of Brexit is uncertain, and Brexit has and may continue to contribute to volatility in the prices of securities of companies located in Europe and currency exchange rates, including the valuation of the euro and British pound in particular. Any one of these factors, or the combination of more than one of these factors, could negatively affect such foreign securities market and the price of securities therein. Further, geographical regions may react to global factors in different ways, which may cause the prices of securities in a foreign securities market to fluctuate in a way that differs from those of securities in the U.S. securities market or other foreign securities markets. Foreign economies may also differ from the U.S. economy in important respects, including growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency, which may have a positive or negative effect on foreign securities prices.

The Tax Consequences of an Investment in Your Notes Are Uncertain

The tax consequences of an investment in your notes are uncertain, both as to the timing and character of any inclusion in income in respect of your notes.

The Internal Revenue Service announced on December 7, 2007 that it is considering issuing guidance regarding the tax treatment of an instrument such as your notes, and any such guidance could adversely affect the value and the tax

treatment of your notes. Among other things, the Internal Revenue Service may decide to require the holders to accrue ordinary income on a current basis and recognize ordinary income on payment at maturity, and could subject non-U.S. investors to withholding tax. Furthermore, in 2007, legislation was introduced in Congress that, if enacted, would have required holders that acquired instruments such as your notes after the bill was enacted to accrue interest income over the term of such instruments. It is not possible to predict whether a similar or identical bill will be enacted in the future, or whether any such bill would affect the tax treatment of your notes. We describe these developments in more detail under “Supplemental Discussion of Federal Income Tax Consequences – United States Holders – Possible Change in Law” below. You should consult your tax advisor about this matter. Except to the extent otherwise provided

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by law, GS Finance Corp. intends to continue treating the notes for U.S. federal income tax purposes in accordance with the treatment described under “Supplemental Discussion of Federal Income Tax Consequences” on page PS-29 below unless and until such time as Congress, the Treasury Department or the Internal Revenue Service determine that some other treatment is more appropriate. Please also consult your tax advisor concerning the U.S. federal income tax and any other applicable tax consequences to you of owning your notes in your particular circumstances.

Foreign Account Tax Compliance Act (FATCA) Withholding May Apply to Payments on Your Notes, Including as a Result of the Failure of the Bank or Broker Through Which You Hold the Notes to Provide Information to Tax Authorities

Please see the discussion under “United States Taxation — Taxation of Debt Securities — Foreign Account Tax Compliance Act (FATCA) Withholding” in the accompanying prospectus for a description of the applicability of FATCA to payments made on your notes. The discussion in that section is hereby modified to reflect regulations proposed by the Treasury Department indicating its intent to eliminate the requirements under FATCA of withholding on gross proceeds from the sale, exchange, maturity or other disposition of relevant financial instruments. The Treasury Department has indicated that taxpayers may rely on these proposed regulations pending their finalization.

The Underliers

The Russell 2000® Index

The Russell 2000® Index measures the composite price performance of stocks of 2,000 companies incorporated in the U.S., its territories and certain “benefit-driven incorporation countries.”

As of February 19, 2019, the 2,000 companies included in the Russell 2000® Index were divided into nine Russell Global Sectors. The Russell Global Sectors include (with the approximate percentage currently included in such sectors indicated in parentheses): Consumer Discretionary (14.99%), Consumer Staples (2.37%), Financial Services (25.66%), Health Care (15.12%), Materials & Processing (6.30%), Other Energy (3.63%), Producer Durables (13.72%), Technology (13.74%) and Utilities (4.46%). (Sector designations are determined by the underlier sponsor using criteria it has selected or developed. Underlier sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between underliers with different underlier sponsors may reflect differences in methodology as well as actual differences in the sector composition of the underliers.)

In addition to the exclusions discussed under “Exclusions from the Russell 2000® Index” on page S-62 of the accompanying general terms supplement no. 1,734, a company with 5% or less of its voting rights in the hands of unrestricted shareholders is no longer eligible for inclusion in the Russell 2000® Index. Existing constituents of the Russell 2000® Index that do not currently have more than 5% of the company’s voting rights in the hands of unrestricted shareholders have until the September 2022 review to meet this requirement.

The above information supplements the description of the underlier found in the accompanying general terms supplement no. 1,734. This information was derived from information prepared by the underlier sponsor, however, the percentages we have listed above are approximate and may not match the information available on the underlier sponsor’s website due to subsequent corporate actions or other activity relating to a particular stock. For more details about the underlier, the underlier sponsor and license agreement between the underlier sponsor and the issuer, see “The Underliers — Russell 2000® Index” on page S-61 of the accompanying general terms supplement no. 1,734.

The Russell 2000® Index is a trademark of Russell Investment Group (“Russell”) and has been licensed for use by GS Finance Corp. The securities are not sponsored, endorsed, sold or promoted by Russell, and Russell makes no representation regarding the advisability of investing in the securities.

The NASDAQ-100 Index®

The NASDAQ-100 Index[®] includes 100 of the largest domestic and international non-financial stocks listed on The NASDAQ Stock Market based on market capitalization. The NASDAQ-100 Index[®] is a “price return” index and is calculated using a modified market capitalization-weighted methodology. The NASDAQ-100 Index[®] is calculated, maintained and published by Nasdaq, Inc. The base date for the NASDAQ-100 Index[®] is January 31, 1985, with a base value of 125.00, as adjusted. We have derived all information contained in this pricing supplement regarding the NASDAQ-100 Index[®] from publicly available information. Additional information about the NASDAQ-100 Index[®] is available on the following website: indexes.nasdaqomx.com/Index/Overview/NDX. We are not incorporating by reference the website or any material it includes in this pricing supplement.

As of January 23, 2019, the 103 stocks included in the NASDAQ-100 Index[®] were classified into eight industry sectors (with the approximate percentage currently included in such sectors indicated in parentheses): Technology (41.70%), Communication Services (22.73%), Consumer Discretionary (16.61%), Health Care (9.37%), Consumer Staples (6.44%), Industrials (2.50%), Utilities (0.36%) and Financials (0.28%). (Sector designations are determined by the underlier sponsor using criteria it has selected or developed. Underlier sponsors may use very different standards for determining sector

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designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices with different Underlier sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices.)

The top ten constituent stocks of the NASDAQ-100 Index[®] as of January 23, 2019, by weight, are: Microsoft Corporation (10.04%), Amazon.com Inc. (9.88%), Apple Inc. (9.01%), Alphabet Inc. Class C (4.67%), Facebook Inc. (4.43%), Alphabet Inc. Class A (4.10%), Intel Corporation (3.03%), Cisco Systems Inc. (2.77%), Comcast Corporation (2.18%) and PepsiCo Inc. (2.16%).

Construction of the NASDAQ-100 Index[®]

The NASDAQ-100 Index[®] is a modified market capitalization-weighted index. Except under extraordinary circumstances that may result in an interim evaluation, NASDAQ-100 Index[®] composition is reviewed on an annual basis in December. First, Nasdaq, Inc. determines which stocks meet the applicable eligibility criteria.

Selection Criteria for Initial Inclusion in the NASDAQ-100 Index[®]

To be eligible for initial inclusion in the NASDAQ-100 Index[®], a stock must meet the following criteria:

- the issuer of the stock's primary U.S. listing must be exclusively listed on the NASDAQ Global Select Market or the NASDAQ Global Market (unless the stock was dually listed on another U.S. market prior to January 1, 2004 and has continuously maintained such listing);
- the stock must be issued by a non-financial company. Non-financial companies are those companies that are classified under any Industry Code except 8000 according to the Industry Classification Benchmark (ICB), a product of FTSE International Limited;
 - the stock may not be issued by an issuer currently in bankruptcy proceedings;
- the stock must have a minimum three-month average daily trading volume ("ADTV") of 200,000 shares (measured annually during the ranking review process). The ADTV is determined by calculating the average of the sum product of the stock's daily trading volume for each day during the previous three month period;
- if the issuer of the stock is organized under the laws of a jurisdiction outside the U.S., then such stock must have listed options on a recognized options market in the U.S. or be eligible for listed-options trading on a recognized options market in the U.S. (measured annually during the ranking review process);
- the issuer of the stock may not have entered into a definitive agreement or other arrangement which would likely result in the stock no longer being eligible for inclusion in the NASDAQ-100 Index[®];
 - the issuer of the stock may not have annual financial statements with an audit opinion that is currently withdrawn. This will be determined based upon a stock issuer's public filings with the SEC; and
- the stock must have "seasoned" on Nasdaq, NYSE or NYSE Amex. Generally, a company is considered to be seasoned if it has been listed on a market for at least three full months (excluding the first month of initial listing).

Stock types generally eligible for inclusion in the NASDAQ-100 Index[®] are common stocks, ordinary shares, ADRs and tracking stocks. Closed-end funds, convertible debentures, exchange traded funds, limited liability companies, limited partnership interests, preferred stocks, rights, shares or units of beneficial interest, warrants, units and other derivative stocks are not eligible for inclusion in the NASDAQ-100 Index[®]. For purposes of NASDAQ-100 Index[®] eligibility criteria, if the stock is a depositary receipt representing a stock of a non-U.S. issuer, then references to the “issuer” are references to the issuer of the underlying stock. The NASDAQ-100 Index[®] does not contain securities of investment companies.

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Continued Eligibility Criteria

To be eligible for continued inclusion in the NASDAQ-100 Index[®], a NASDAQ-100 Index[®] stock must meet the following criteria:

- the issuer of the stock's primary U.S. listing must be exclusively listed on the Nasdaq Global Select Market or the Nasdaq Global Market;
- the stock must be issued by a non-financial company;
 - the stock may not be issued by an issuer currently in bankruptcy proceedings;
- the stock must have an ADTV of at least 200,000 shares (measured annually during the ranking review process);
- if the issuer of the stock is organized under the laws of a jurisdiction outside the U.S., then such stock must have listed options on a recognized options market in the U.S. or be eligible for listed-options trading on a recognized options market in the U.S.;
- the issuer must have an adjusted market capitalization equal to or exceeding 0.10% of the aggregate adjusted market capitalization of the NASDAQ-100 Index[®] at each month-end. In the event a company does not meet this criterion for two consecutive month-ends, it is removed from the NASDAQ-100 Index[®] effective after the close of trading on the third Friday of the following month; and
- the issuer of the stock may not have annual financial statements with an audit opinion that is currently withdrawn.

All stocks meeting the above criteria will be considered eligible for inclusion in the NASDAQ-100 Index[®]. Those stocks which are found to meet the applicable eligibility criteria during the annual review are then ranked by market capitalization. While there is no minimum market capitalization requirement, inclusion will be determined based on the top 100 issuers with the largest market capitalization meeting all other eligibility requirements. Market capitalization is determined by multiplying a stock's last sale price by its total number of shares outstanding. The last sale price refers to the price at which a stock last traded during regular market hours as reported on such stock's index market, which may be the Nasdaq Official Closing Price (NOCP). The index market is the index eligible stock market for which the NASDAQ-100 Index[®] stock's prices are received and used by Nasdaq, Inc. for purposes of calculating the NASDAQ-100 Index[®].

NASDAQ-100 Index[®] eligible stocks which are already in the NASDAQ-100 Index[®] and whose issuer is ranked in the top 100 eligible companies based on market capitalization are retained in the NASDAQ-100 Index[®]. An index stock issuer ranking 101 to 125 based on market capitalization will also be retained for inclusion in the NASDAQ-100 Index[®] if such issuer was previously ranked in the top 100 issuers as of the last annual ranking review or was added to the NASDAQ-100 Index[®] subsequent to the previous ranking review and continues to meet all eligibility criteria. Index stock issuers not meeting such criteria are replaced. The replacement stocks are those eligible stocks not currently in the NASDAQ-100 Index[®] whose issuers have the next largest market capitalization.

The data used in the process of ranking by market capitalization includes end of October market data and is updated for total shares outstanding submitted in an index stock issuer's publicly filed SEC document via the Electronic Data Gathering, Analysis and Retrieval system (EDGAR) through the end of November. If a stock is a depositary receipt, the total shares outstanding is the actual depositary shares outstanding as reported by the depositary banks.

The final list of constituents included in the NASDAQ-100 Index[®], including any replacements made during the annual review, is made effective after the close of trading on the third Friday in December. Generally, the list of annual additions and deletions as a result of the annual review is publicly announced by Nasdaq, Inc. via a press release in the early part of December, in conjunction with an announcement on Nasdaq, Inc.'s website.

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NASDAQ-100 Index[®] Calculation

The discussion below describes the “price return” calculation of the NASDAQ-100 Index[®] As compared to the total return or notional net total return versions of the NASDAQ-100 Index[®], the price return version is ordinarily calculated without regard to cash dividends on the NASDAQ-100 Index[®] stocks. However, all NASDAQ-100 Index[®] calculations reflect extraordinary cash distributions and special dividends.

The NASDAQ-100 Index[®] is a modified market capitalization-weighted index. The value of the NASDAQ-100 Index[®] equals the NASDAQ-100 Index[®] market value divided by the NASDAQ-100 Index[®] divisor. The overall NASDAQ-100 Index[®] market value is the aggregate of each NASDAQ-100 Index[®] stock’s market value, as may be adjusted for any corporate actions. A NASDAQ-100 Index[®] stock’s market value is determined by multiplying the last sale price by its index share weight, also known as “index shares”. Index shares are equal to the total number of shares outstanding for a NASDAQ-100 Index[®] stock. In other words, the value of the NASDAQ-100 Index[®] is equal to (i) the sum of the products of (a) the index shares of each of the NASDAQ-100 Index[®] stocks multiplied by (b) each such stock’s last sale price (adjusted for corporate actions, if any), divided by (ii) the divisor of the NASDAQ-100 Index[®].

The price return NASDAQ-100 Index[®] divisor is calculated as the ratio of (i) the start of day market value of the NASDAQ-100 Index[®] divided by (ii) the previous day NASDAQ-100 Index[®] value.

If trading in a NASDAQ-100 Index[®] stock is halted on its primary listing market, the most recent last sale price for that stock is used for all NASDAQ-100 Index[®] computations until trading on such market resumes. Similarly, the most recent last sale price is used if trading in a NASDAQ-100 Index[®] stock is halted on its primary listing market before the market opens.

The NASDAQ-100 Index[®] is calculated in U.S. dollars during the U.S. market trading day based on the last sale price and are disseminated once per second from 09:30:01 until 17:16:00 ET. The closing value of the NASDAQ-100 Index[®] may change up until 17:15:00 ET due to corrections to the last sale price of the NASDAQ-100 Index[®] stocks. The official closing value of the NASDAQ-100 Index[®] is ordinarily disseminated at 17:16:00 ET.

NASDAQ-100 Index[®] Maintenance

Changes to NASDAQ-100 Index[®] Constituents

Changes to the NASDAQ-100 Index[®] constituents may be made during the annual ranking review. In addition, if at any time during the year other than the annual review, it is determined that an index stock issuer no longer meets the criteria for continued inclusion in the NASDAQ-100 Index[®], or is otherwise determined to have become ineligible for continued inclusion in the NASDAQ-100 Index[®], it is replaced with the largest market capitalization issuer not currently in the NASDAQ-100 Index[®] that meets the applicable eligibility criteria for initial inclusion in the NASDAQ-100 Index[®].

Ordinarily, a stock will be removed from the NASDAQ-100 Index[®] at its last sale price. However, if at the time of its removal the NASDAQ-100 Index[®] stock is halted from trading on its primary listing market and an official closing price cannot readily be determined, the NASDAQ-100 Index[®] stock may, in Nasdaq, Inc.'s discretion, be removed at a price of \$0.00000001 ("zero price"). This zero price will be applied to the NASDAQ-100 Index[®] stock after the close of the market but prior to the time the official closing value of the NASDAQ-100 Index[®] is disseminated.

Divisor Adjustments

The divisor is adjusted to ensure that changes in NASDAQ-100 Index[®] constituents either by corporate actions (that adjust either the price or shares of a NASDAQ-100 Index[®] stock) or NASDAQ-100 Index[®] participation outside of trading hours do not affect the value of the NASDAQ-100 Index[®]. All divisor changes occur after the close of the applicable index stock markets.

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Quarterly NASDAQ-100 Index[®] Rebalancing

On a quarterly basis coinciding with the quarterly scheduled index shares adjustment procedures in March, June and September, as discussed below, the NASDAQ-100 Index[®] will be rebalanced if it is determined that (1) the current weight of the single NASDAQ-100 Index[®] stock with the largest market capitalization is greater than 24.0% of the NASDAQ-100 Index[®] or (2) the collective weight of those stocks whose individual current weights are in excess of 4.5% exceeds 48.0% of the NASDAQ-100 Index[®]. If either one or both of the above weight distribution conditions are met upon quarterly review, or Nasdaq, Inc. determines that a special rebalancing is necessary, a weight rebalancing will be performed.

If the first weight distribution condition is met and the current weight of the single NASDAQ-100 Index[®] stock with the largest market capitalization is greater than 24.0%, then the weights of all stocks with weights greater than 4.5% will be scaled down proportionately toward 1.0% until the adjusted weight of the single largest NASDAQ-100 Index[®] stock reaches 20.0%.

If the second weight distribution condition is met and the collective weight of those stocks whose individual current weights are in excess of 4.5% (or adjusted weights in accordance with the previous step, if applicable) exceeds 48.0% of the NASDAQ-100 Index[®], then the weights of all stocks with weights greater than 4.5% in that group will be scaled down proportionately toward 1.0% until their collective weight, so adjusted, is equal to 40.0%.

On an annual basis coinciding with the annual evaluation in December, the NASDAQ-100 Index[®] will be rebalanced if it is determined that the collective weight of the five largest NASDAQ-100 Index[®] stocks by weight, when added together, exceeds 40.0% of the NASDAQ-100 Index[®]. In addition, a special rebalancing of the NASDAQ-100 Index[®] may be conducted at any time if it is determined necessary to maintain the integrity of the NASDAQ-100 Index[®]. If the weight distribution requirement is met upon the annual evaluation or it is determined that a special rebalancing is required, a weight rebalancing will be performed. If the collective weight of the five largest NASDAQ-100 Index[®] stocks by weight, when added together, exceeds 40.0% of the NASDAQ-100 Index[®] at the time of the annual evaluation, those top five NASDAQ-100 Index[®] stocks will be scaled down proportionately towards 1.0% for the collective weight, so adjusted, to be set to 38.5%. The excess weight due to capping from the five largest, capped NASDAQ-100 Index[®] stocks is redistributed to the remaining NASDAQ-100 Index[®] stocks. Thereafter, all other NASDAQ-100 Index[®] stocks are capped at 4.5% and the weight is proportionally redistributed to all NASDAQ-100 Index[®] stocks that have not yet been capped. If, after capping the top five NASDAQ-100 Index[®] stocks to reduce the aggregate weight to 38.5%, the fifth largest NASDAQ-100 Index[®] stock has a weight less than 4.5%, all remaining securities are capped at the weight of the fifth largest NASDAQ-100 Index[®] stock.

In the event of a special rebalance, either coinciding with the quarterly review or annual evaluation (or at any other point in time where necessary), prior month-end shares outstanding and prices for each NASDAQ-100 Index[®] stock

are utilized to calculate the weights that require capping and the associated index shares. If a special rebalance were to occur in accordance with the quarterly scheduled index adjustment or annual evaluation, the index weights will be determined anew based upon the last sale prices and aggregate capitalization of the NASDAQ-100 Index[®] at the close of trading on the last calendar day in February, May, August and November. Changes to the index shares will be made effective after the close of trading on the third Friday in March, June, September and December, and an adjustment to the divisor is made to ensure continuity of the NASDAQ-100 Index[®]. Ordinarily, new rebalanced index weights will be determined by applying the above procedures to the current index weights. However, Nasdaq, Inc. may, from time to time, determine rebalanced weights, if necessary, by applying the above procedure to the actual current market capitalization of the NASDAQ-100 Index[®] components. In such instances, Nasdaq, Inc. would announce the different basis for rebalancing prior to its implementation.

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At the quarterly rebalancing, data is cutoff as of the previous month end and no changes are made to the NASDAQ-100 Index[®] from that cutoff until the quarterly index share change effective date, except in the case of changes due to corporate actions with an ex-date.

Corporate Actions and NASDAQ-100 Index[®] Adjustments

Aside from changes resulting from quarterly rebalancing, intra-quarter changes in index shares driven by corporate events can also result from a change in a NASDAQ-100 Index[®] stock's total shares outstanding that is greater than 10.0%. If a stock is a depositary receipt, the total shares outstanding is the actual depositary shares outstanding as reported by the depositary banks. Changes in the price and/or index shares driven by corporate events such as stock dividends, stock splits and certain spin-offs and rights issuances are adjusted on the ex-date. Changes in total shares outstanding are determined by an index stock issuer's public filings with the SEC. If the change in total shares outstanding arising from other corporate actions is greater than or equal to 10.0%, the change is made as soon as practicable. Otherwise, if the change in total shares outstanding is less than 10.0%, then all such changes are accumulated and made effective at one time on a quarterly basis after the close of trading on the third Friday in each of March, June, September and December. The index shares are derived from the stock's total shares outstanding. The index shares are then adjusted by the same percentage amount by which the total shares outstanding have changed.

The following corporate actions will be made effective on the ex-date. If there is no ex-date announced by the index exchange, there will be no adjustment to the NASDAQ-100 Index[®] as a result of a corporate action.

Stock Split and Stock Dividend. A stock split and stock dividend is the action of a NASDAQ-100 Index[®] stock in increasing its index shares and decreasing the par value proportionately. There is no flow of capital into or out of the company. The number of index shares in the NASDAQ-100 Index[®] increases but the market capitalization of the stock remains unchanged. The price of the NASDAQ-100 Index[®] stock is adjusted to reflect the ratio of a stock split and stock dividend and a corresponding inverse adjustment to the index shares is made.

Reverse Stock Split. A reverse stock split is the action of a NASDAQ-100 Index[®] stock in decreasing its index shares and decreasing the par value in proportion. There is no flow of capital into or out of the company. The number of index shares in the NASDAQ-100 Index[®] decreases but the market capitalization of the stock remains unchanged. The price of the NASDAQ-100 Index[®] stock is adjusted to reflect the ratio of the reverse stock split and a corresponding inverse adjustment to the index shares is made.

Special Cash Dividends. A dividend is considered "special" if the information provided by the listing exchange in their announcement of the ex-date indicates that the dividend is special. Other nomenclature for a special dividend may include, but is not limited to, "extra", "extraordinary", "non-recurring", "one-time" and "unusual". The price of the NASDAQ-100 Index[®] stock in the NASDAQ-100 Index[®] is adjusted for the amount of the special cash dividend.

Cash and Stock Dividends. If a NASDAQ-100 Index[®] stock is paying a cash and stock dividend on the same date, the cash dividend is applied before the stock dividend unless otherwise indicated in the information provided by the index exchange. Additionally, in the case of an optional dividend which allows the holder to choose between receiving cash or stock, the adjustment will be made in the manner in which the dividend has been announced by the index exchange.

Stock Distribution of Another Stock. If a NASDAQ-100 Index[®] stock is distributing shares of a different stock, the value of the NASDAQ-100 Index[®] stock will be adjusted downward to reflect the ratio of the distribution. There is no adjustment to index shares. If the stock being distributed is another class of common shares of the same issuer, the value of the existing NASDAQ-100 Index[®] stock will be adjusted

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downward to reflect the ratio of the distribution with no adjustment to index shares, and the new class of shares may be added to the NASDAQ-100 Index[®] on a pro-rata basis.

Spin-offs. If a NASDAQ-100 Index[®] stock is spinning off a stock, the value of the NASDAQ-100 Index[®] stock will be adjusted downward to reflect the ratio of the distribution. There is no adjustment to index shares. If a when-issued market is established for the spin-off company, the price of the NASDAQ-100 Index[®] stock is adjusted downward by the value of the spinoff. The value of the spin-off is determined by multiplying the spin-off ratio by the when-issued price. In the event the value of the spinoff has not been established as indicated above then no price adjustment is made to the NASDAQ-100 Index[®] stock. The new stock resulting from the spin-off transaction is not added to the NASDAQ-100 Index[®].

Rights Offerings. The price of a NASDAQ-100 Index[®] stock is adjusted on the ex-date for rights offerings if the rights are transferable and the offering has a subscription price on an equivalent per share basis that is less than the closing price of the underlying stock (the NASDAQ-100 Index[®] stock the right entitles a holder to purchase) on the day prior to the ex-date. The price of the NASDAQ-100 Index[®] stock is adjusted downward for the value of the right. The value of the right is equal to (1) (i) the previous last sale price of the underlying stock minus (ii) the sum of (a) the subscription price of the right plus (b) the cash dividend of the underlying stock, if any, divided by (2) the number of rights required to purchase one share plus one.

Corporate actions are implemented in the NASDAQ-100 Index[®] in accordance with the NASDAQ-100 Index[®] maintenance rules discussed above. The divisor will also be adjusted as a result of corporate actions that adjust either the price or shares of a NASDAQ-100 Index[®] stock. Nasdaq, Inc. will make announcements prior to the effective date of any corporate actions.

In the case of mergers and acquisitions, the index stock issuer may be removed the day following the shareholder vote or the expected expiration of the tender offer, provided the acquisition is not contested. In the event the acquisition is contested, the removal of the NASDAQ-100 Index[®] stock will occur as soon as reasonably practicable, once results have been received indicating that the acquisition will likely be successful.

If a company files for bankruptcy, the NASDAQ-100 Index[®] stock or stocks of the issuer will be removed from the NASDAQ-100 Index[®] as soon as practicable thereafter. The value of the NASDAQ-100 Index[®] stock will be considered \$0.00000001 if no other applicable price can be observed on the Nasdaq Global Select Market or the Nasdaq Global Market.

Discretionary Adjustments

In addition to the above, Nasdaq, Inc. may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure NASDAQ-100 Index[®] integrity, including, but not limited to, changes to quantitative inclusion criteria. Nasdaq, Inc. may also, due to special circumstances, if deemed essential, apply discretionary adjustments to ensure and maintain the quality of the NASDAQ-100 Index[®] construction and calculation.

Market Disruption Events

If a NASDAQ-100 Index[®] stock does not trade on its primary listing market on a given day or such index market has not opened for trading, the most recent last sale price from the index market (adjusted for corporate actions, if any) is used. If a NASDAQ-100 Index[®] stock is halted from trading on its index market during the trading day, the most recent last sale price is used until trading resumes.

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Corrections and Calculations

The closing value of the NASDAQ-100 Index[®] may change up until 17:15:00 ET due to corrections to the last sale price of the NASDAQ-100 Index[®] stocks. In the event that a change has been made to the NASDAQ-100 Index[®] intraday, Nasdaq, Inc. will make an announcement describing such change. In the event a NASDAQ-100 Index[®] calculation has been corrected retroactively, an announcement will be provided.

License Agreement between Nasdaq, Inc. and GS Finance Corp.

The Product(s) is not sponsored, endorsed, sold or promoted by NASDAQ, Inc. or its affiliates (NASDAQ, with its affiliates, are referred to as the “Corporations”). The Corporations have not passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, the Product(s). The Corporations make no representation or warranty, express or implied to the owners of the Product(s) or any member of the public regarding the advisability of investing in securities generally or in the Product(s) particularly, or the ability of the NASDAQ-100[®] Index to track general stock market performance. The Corporations' only relationship to GS Finance Corp. (“Licensee”) is in the licensing of the Nasdaq NASDAQ-100 Index[®], and certain trade names of the Corporations and the use of the NASDAQ-100 Index[®] which is determined, composed and calculated by NASDAQ without regard to Licensee or the Product(s). NASDAQ has no obligation to take the needs of the Licensee or the owners of the Product(s) into consideration in determining, composing or calculating the NASDAQ-100 Index[®]. The Corporations are not responsible for and have not participated in the determination of the timing of, prices at, or quantities of the Product(s) to be issued or in the determination or calculation of the equation by which the Product(s) is to be converted into cash. The Corporations have no liability in connection with the administration, marketing or trading of the Product(s).

The Corporations do not guarantee the accuracy and/or uninterrupted calculation of Nasdaq-100 Index[®] or any data included therein. The Corporations make no warranty, express or implied, as to results to be obtained by Licensee, owners of the product(s), or any other person or entity from the use of the Nasdaq-100 Index[®] or any data included therein. The Corporations make no express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Nasdaq-100 Index[®] or any data included therein. Without limiting any of the foregoing, in no event shall the Corporations have any liability for any lost profits or special, incidental, punitive, indirect, or consequential damages, even if notified of the possibility of such damages.

The S&P 500[®] Index

The S&P 500[®] Index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The S&P 500[®] Index is calculated, maintained and published by S&P Dow Jones Indices LLC (“S&P”).

As of July 31, 2017, companies with multiple share class lines are no longer eligible for inclusion in the S&P 500[®] Index. Constituents of the S&P 500[®] Index prior to July 31, 2017 with multiple share class lines will be grandfathered

in and continue to be included in the S&P 500[®] Index. If an S&P 500[®] Index constituent reorganizes into a multiple share class line structure, that company will be reviewed for continued inclusion in the S&P 500[®] Index at the discretion of the S&P Index Committee. Also as of July 31, 2017, the criteria employed by S&P for purposes of making additions to the S&P 500[®] Index were changed as follows:

with respect to the “U.S. company” criterion, (i) the IEX was added as an “eligible exchange” for the primary listing of the relevant company’s common stock and (ii) the former “corporate governance structure consistent with U.S. practice” requirement was removed; and

with respect to constituents of the S&P MidCap 400[®] Index and the S&P SmallCap 600[®] Index that are being considered for addition to the S&P 500[®] Index, the financial viability, public float and/or liquidity eligibility criteria no longer need to be met if the S&P Index Committee decides that such an addition will enhance the representativeness of the S&P 500[®] Index as a market benchmark.

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As of February 21, 2019, the 500 companies included in the S&P 500® Index were divided into eleven Global Industry Classification Sectors. The Global Industry Classification Sectors include (with the approximate percentage currently included in such sectors indicated in parentheses): Communication Services (10.05%), Consumer Discretionary (9.97%), Consumer Staples (7.21%), Energy (5.43%), Financials (13.39%), Health Care (14.89%), Industrials (9.74%), Information Technology (20.37%), Materials (2.71%), Real Estate (3.00%) and Utilities (3.25%). (Sector designations are determined by the underlier sponsor using criteria it has selected or developed. Underlier sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices with different Underlier sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices.) As of the close of business on September 21, 2018, S&P and MSCI, Inc. updated the Global Industry Classification Sector structure. Among other things, the update broadened the Telecommunications Services sector and renamed it the Communication Services sector. The renamed sector includes the previously existing Telecommunication Services Industry group, as well as the Media Industry group, which was moved from the Consumer Discretionary sector and renamed the Media & Entertainment Industry group. The Media & Entertainment Industry group contains three industries: Media, Entertainment and Interactive Media & Services. The Media industry continues to consist of the Advertising, Broadcasting, Cable & Satellite and Publishing sub-industries. The Entertainment industry contains the Movies & Entertainment sub-industry (which includes online entertainment streaming companies in addition to companies previously classified in such industry prior to September 21, 2018) and the Interactive Home Entertainment sub-industry (which includes companies previously classified in the Home Entertainment Software sub-industry prior to September 21, 2018 (when the Home Entertainment Software sub-industry was a sub-industry in the Information Technology sector)), as well as producers of interactive gaming products, including mobile gaming applications). The Interactive Media & Services industry and sub-industry includes companies engaged in content and information creation or distribution through proprietary platforms, where revenues are derived primarily through pay-per-click advertisements, and includes search engines, social media and networking platforms, online classifieds and online review companies. The Global Industry Classification Sector structure changes are effective for the S&P 500® Index as of the open of business on September 24, 2018 to coincide with the September 2018 quarterly rebalancing.

The above information supplements the description of the S&P 500® Index found in the accompanying general terms supplement no. 1,734. This information was derived from information prepared by the underlier sponsor, however, the percentages we have listed above are approximate and may not match the information available on the underlier sponsor's website due to subsequent corporate actions or other activity relating to a particular stock. For more details about the S&P 500® Index, the underlier sponsor and license agreement between the underlier sponsor and the issuer, see "The Underliers — S&P 500 Index" on page S-40 of the accompanying general terms supplement no. 1,734.

The S&P 500® Index is a product of S&P Dow Jones Indices LLC, and has been licensed for use by GS Finance Corp. ("Goldman"). Standard & Poor® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC; Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones") and these trademarks have been licensed for use by S&P Dow Jones Indices LLC and sublicensed for certain purposes by Goldman. Goldman's notes are not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, Standard & Poor's Financial Services LLC or any of their respective affiliates and neither S&P Dow Jones Indices LLC, Dow Jones, Standard & Poor's Financial Services LLC or any of their respective affiliates make any representation regarding the advisability of investing in such notes.

Historical Closing Levels of the Underliers

The closing levels of the underliers have fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing level of any underlier during the period shown below is not an indication that such underlier is more or less likely to increase or decrease at any time during the life of your notes.

You should not take the historical closing levels of an underlier as an indication of the future performance of an underlier. We cannot give you any assurance that the future performance of any underlier or the underlier stocks will result in you receiving any coupon payments or receiving the outstanding face amount of your notes on the stated maturity date.

Neither we nor any of our affiliates make any representation to you as to the performance of the underliers. Before investing in the offered notes, you should consult publicly available information to determine the relevant underlier levels between the date of this pricing supplement and the date of your purchase of the offered notes. The actual performance of an underlier over the life of the offered notes, as well as the cash settlement amount at maturity may bear little relation to the historical levels shown below.

The graphs below show the daily historical closing levels of each underlier from February 21, 2009 through February 21, 2019. We obtained the levels in the graphs below from Bloomberg Financial Services, without independent verification. Although the official closing levels of the Russell 2000[®] Index are published to six decimal places by the underlier sponsor, Bloomberg Financial Services reports the levels of the Russell 2000[®] Index to fewer decimal places.

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Historical Performance of the Russell 2000® Index

Historical Performance of the NASDAQ-100 Index®

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Historical Performance of the S&P 500® Index

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Supplemental Discussion of Federal Income Tax Consequences

The following section supplements the discussion of U.S. federal income taxation in the accompanying prospectus.

The following section is the opinion of Sidley Austin llp, counsel to GS Finance Corp. and The Goldman Sachs Group, Inc. In addition, it is the opinion of Sidley Austin llp that the characterization of the notes for U.S. federal income tax purposes that will be required under the terms of the notes, as discussed below, is a reasonable interpretation of current law.

This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank;
- a life insurance company;
- a regulated investment company;
- an accrual method taxpayer subject to special tax accounting rules as a result of its use of financial statements;
- a tax exempt organization;
- a partnership;
- a person that owns a note as a hedge or that is hedged against interest rate risks;
- a person that owns a note as part of a straddle or conversion transaction for tax purposes; or
- a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar.

Although this section is based on the U.S. Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect, no statutory, judicial or administrative authority directly discusses how your notes should be treated for U.S. federal income tax purposes, and as a result, the U.S. federal income tax consequences of your investment in your notes are uncertain. Moreover, these laws are subject to change, possibly on a retroactive basis.

You should consult your tax advisor concerning the U.S. federal income tax and any other applicable tax consequences of your investments in the notes, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.

United States Holders

This section applies to you only if you are a United States holder that holds your notes as a capital asset for tax purposes. You are a United States holder if you are a beneficial owner of a note and you are:

- a citizen or resident of the United States;
- a domestic corporation;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

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Tax Treatment. You will be obligated pursuant to the terms of the notes — in the absence of a change in law, an administrative determination or a judicial ruling to the contrary — to characterize your notes for all tax purposes as income-bearing pre-paid derivative contracts in respect of the underliers. Except as otherwise stated below, the discussion below assumes that the notes will be so treated.

Coupon payments that you receive should be included in ordinary income at the time you receive the payment or when the payment accrues, in accordance with your regular method of accounting for U.S. federal income tax purposes.

Upon the sale, exchange, redemption or maturity of your notes, you should recognize capital gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or maturity (excluding any amounts attributable to accrued and unpaid coupon payments, which will be taxable as described above) and your tax basis in your notes. Your tax basis in your notes will generally be equal to the amount that you paid for the notes. Such capital gain or loss should generally be short-term capital gain or loss if you hold the notes for one year or less, and should be long-term capital gain or loss if you hold the notes for more than one year. Short-term capital gains are generally subject to tax at the marginal tax rates applicable to ordinary income.

No statutory, judicial or administrative authority directly discusses how your notes should be treated for U.S. federal income tax purposes. As a result, the U.S. federal income tax consequences of your investment in the notes are uncertain and alternative characterizations are possible. Accordingly, we urge you to consult your tax advisor in determining the tax consequences of an investment in your notes in your particular circumstances, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.

Alternative Treatments. There is no judicial or administrative authority discussing how your notes should be treated for U.S. federal income tax purposes. Therefore, the Internal Revenue Service might assert that a treatment other than that described above is more appropriate. For example, the Internal Revenue Service could treat your notes as a single debt instrument subject to special rules governing contingent payment debt instruments.

Under those rules, the amount of interest you are required to take into account for each accrual period would be determined by constructing a projected payment schedule for the notes and applying rules similar to those for accruing original issue discount on a hypothetical noncontingent debt instrument with that projected payment schedule. This method is applied by first determining the comparable yield — i.e., the yield at which we would issue a noncontingent fixed rate debt instrument with terms and conditions similar to your notes — and then determining a payment schedule as of the applicable original issue date that would produce the comparable yield. These rules may have the effect of requiring you to include interest in income in respect of your notes prior to your receipt of cash attributable to that income.

If the rules governing contingent payment debt instruments apply, any income you recognize upon the sale, exchange, redemption or maturity of your notes would be treated as ordinary interest income. Any loss you recognize at that time would be treated as ordinary loss to the extent of interest you included as income in the current or previous taxable years in respect of your notes, and, thereafter, as capital loss.

If the rules governing contingent payment debt instruments apply, special rules would apply to persons who purchase a note at other than the adjusted issue price as determined for tax purposes.

It is possible that the Internal Revenue Service could assert that your notes should generally be characterized as described above, except that (1) the gain you recognize upon the sale, exchange, redemption or maturity of your notes should be treated as ordinary income or (2) you should not include the coupon payments in income as you receive them but instead you should reduce your basis in your notes by the amount of coupon payments that you receive. It is

also possible that the Internal Revenue Service could seek to characterize your notes in a manner that results in tax consequences to you different from those described above.

It is also possible that the Internal Revenue Service could seek to characterize your notes as notional principal contracts. It is also possible that the coupon payments would not be treated as either ordinary income or interest for U.S. federal income tax purposes, but instead would be treated in some other manner.

You should consult your tax advisor as to possible alternative characterizations of your notes for U.S.

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federal income tax purposes.

Possible Change in Law

In 2007, legislation was introduced in Congress that, if enacted, would have required holders that acquired instruments such as your notes after the bill was enacted to accrue interest income over the term of such instruments. It is not possible to predict whether a similar or identical bill will be enacted in the future, or whether any such bill would affect the tax treatment of your notes.

In addition, on December 7, 2007, the Internal Revenue Service released a notice stating that the Internal Revenue Service and the Treasury Department are actively considering issuing guidance regarding the proper U.S. federal income tax treatment of an instrument such as the offered notes including whether the holders should be required to accrue ordinary income on a current basis and whether gain or loss should be ordinary or capital. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, holders of the notes will ultimately be required to accrue income currently and this could be applied on a retroactive basis. The Internal Revenue Service and the Treasury Department are also considering other relevant issues, including whether foreign holders of such instruments should be subject to withholding tax on any deemed income accruals, and whether the special “constructive ownership rules” of Section 1260 of the Internal Revenue Code might be applied to such instruments. Except to the extent otherwise provided by law, GS Finance Corp. intends to continue treating the notes for U.S. federal income tax purposes in accordance with the treatment described above unless and until such time as Congress, the Treasury Department or the Internal Revenue Service determine that some other treatment is more appropriate.

It is impossible to predict what any such legislation or administrative or regulatory guidance might provide, and whether the effective date of any legislation or guidance will affect notes that were issued before the date that such legislation or guidance is issued. You are urged to consult your tax advisor as to the possibility that any legislative or administrative action may adversely affect the tax treatment of your notes.

United States Alien Holders

This section applies to you only if you are a United States alien holder. You are a United States alien holder if you are the beneficial owner of the notes and are, for U.S. federal income tax purposes:

- a nonresident alien individual;
- a foreign corporation; or
- an estate or trust that in either case is not subject to U.S. federal income tax on a net income basis on income or gain from the notes.

Because the U.S. federal income tax treatment (including the applicability of withholding) of the coupon payments on the notes is uncertain, in the absence of further guidance, we intend to withhold on the coupon payments made to you at a 30% rate or at a lower rate specified by an applicable income tax treaty under an “other income” or similar provision. We will not make payments of any additional amounts. To claim a reduced treaty rate for withholding, you generally must provide a valid Internal Revenue Service Form W-8BEN, Internal Revenue Service Form W-8BEN-E, or an acceptable substitute form upon which you certify, under penalty of perjury, your status as a U.S. alien holder and your entitlement to the lower treaty rate. Payments will be made to you at a reduced treaty rate of withholding only if such reduced treaty rate would apply to any possible characterization of the payments (including, for example, if the coupon payments were characterized as contract fees). Withholding also may not apply to coupon payments made to you if: (i) the coupon payments are “effectively connected” with your conduct of a trade or business in the United States and are includable in your gross income for U.S. federal income tax purposes, (ii) the coupon payments are attributable to a permanent establishment that you maintain in the United States, if required by an applicable tax

treaty, and (iii) you comply with the requisite certification requirements (generally, by providing an Internal Revenue Service Form W-8ECI). If you are eligible for a reduced rate of United States withholding tax, you may obtain a refund of any amounts withheld in excess of that rate by filing a refund claim with the Internal Revenue Service.

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“Effectively connected” payments includable in your United States gross income are generally taxed at rates applicable to United States citizens, resident aliens, and domestic corporations; if you are a corporate United States alien holder, “effectively connected” payments may be subject to an additional “branch profits tax” under certain circumstances.

You will also be subject to generally applicable information reporting and backup withholding requirements with respect to payments on your notes and, notwithstanding that we do not intend to treat the notes as debt for tax purposes, we intend to backup withhold on such payments with respect to your notes unless you comply with the requirements necessary to avoid backup withholding on debt instruments (in which case you will not be subject to such backup withholding) as set forth under “United States Taxation – Taxation of Debt Securities – United States Alien Holders” in the accompanying prospectus.

Furthermore, on December 7, 2007, the Internal Revenue Service released Notice 2008-2 soliciting comments from the public on various issues, including whether instruments such as your notes should be subject to withholding. It is therefore possible that rules will be issued in the future, possibly with retroactive effects, that would cause payments on your notes to be subject to withholding, even if you comply with certification requirements as to your foreign status.

As discussed above, alternative characterizations of the notes for U.S. federal income tax purposes are possible. Should an alternative characterization of the notes, by reason of a change or clarification of the law, by regulation or otherwise, cause payments with respect to the notes to become subject to withholding tax, we will withhold tax at the applicable statutory rate and we will not make payments of any additional amounts. Prospective United States alien holders of the notes should consult their tax advisors in this regard.

In addition, the Treasury Department has issued regulations under which amounts paid or deemed paid on certain financial instruments (“871(m) financial instruments”) that are treated as attributable to U.S.-source dividends could be treated, in whole or in part depending on the circumstances, as a “dividend equivalent” payment that is subject to tax at a rate of 30% (or a lower rate under an applicable treaty), which in the case of any coupon payments and any amounts you receive upon the sale, exchange, redemption or maturity of your notes, could be collected via withholding. If these regulations were to apply to the notes, we may be required to withhold such taxes if any U.S.-source dividends are paid on the stocks included in the underliers during the term of the notes. We could also require you to make certifications (e.g., an applicable Internal Revenue Service Form W-8) prior to any coupon payment or the maturity of the notes in order to avoid or minimize withholding obligations, and we could withhold accordingly (subject to your potential right to claim a refund from the Internal Revenue Service) if such certifications were not received or were not satisfactory. If withholding was required, we would not be required to pay any additional amounts with respect to amounts so withheld. These regulations generally will apply to 871(m) financial instruments (or a combination of financial instruments treated as having been entered into in connection with each other) issued (or significantly modified and treated as retired and reissued) on or after January 1, 2021, but will also apply to certain 871(m) financial instruments (or a combination of financial instruments treated as having been entered into in connection with each other) that have a delta (as defined in the applicable Treasury regulations) of one and are issued (or significantly modified and treated as retired and reissued) on or after January 1, 2017. In addition, these regulations will not apply to financial instruments that reference a “qualified index” (as defined in the regulations). We have determined that, as of the issue date of your notes, your notes will not be subject to withholding under these rules. In certain limited circumstances, however, you should be aware that it is possible for United States alien holders to be liable for tax under these rules with respect to a combination of transactions treated as having been entered into in connection with each other even when no withholding is required. You should consult your tax advisor concerning these regulations, subsequent official guidance and regarding any other possible alternative characterizations of your notes for U.S. federal income tax purposes.

Foreign Account Tax Compliance Act (FATCA) Withholding

Pursuant to Treasury regulations, Foreign Account Tax Compliance Act (FATCA) withholding (as described in “United States Taxation—Taxation of Debt Securities—Foreign Account Tax Compliance Act (FATCA) Withholding” in the accompanying prospectus) will generally apply to obligations that are issued on or after July 1, 2014; therefore, the notes will generally be subject to the FATCA withholding rules. Pursuant to recently proposed regulations, the Treasury Department has indicated its intent to eliminate the requirements under FATCA of withholding on gross proceeds from the sale, exchange, maturity or other disposition of relevant financial instruments. The Treasury Department has indicated that taxpayers may rely on these proposed regulations pending their finalization.

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Supplemental plan of distribution; conflicts of interest

See “Supplemental Plan of Distribution” on page S-96 of the accompanying general terms supplement no. 1,734 and “Plan of Distribution — Conflicts of Interest” on page 94 of the accompanying prospectus; GS Finance Corp. estimates that its share of the total offering expenses, excluding underwriting discounts and commissions, will be approximately \$.

GS Finance Corp. expects to agree to sell to GS&Co., and GS&Co. expects to agree to purchase from GS Finance Corp., the aggregate face amount of the offered notes specified on the front cover of this pricing supplement. GS&Co. proposes initially to offer the notes to the public at the original issue price set forth on the cover page of this pricing supplement, and to certain securities dealers at such price less a concession not in excess of % of the face amount. The original issue price for notes purchased by certain retirement accounts and certain fee-based advisory accounts will be % of the face amount of the notes, which will reduce the underwriting discount specified on the cover of this pricing supplement with respect to such notes to %. GS&Co. is an affiliate of GS Finance Corp. and The Goldman Sachs Group, Inc. and, as such, will have a “conflict of interest” in this offering of notes within the meaning of Financial Industry Regulatory Authority, Inc. (FINRA) Rule 5121. Consequently, this offering of notes will be conducted in compliance with the provisions of FINRA Rule 5121. GS&Co. will not be permitted to sell notes in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder. GS&Co. will also pay a fee in connection with the distribution of the notes to SIMON Markets LLC, a broker-dealer affiliated with GS Finance Corp.

We expect to deliver the notes against payment therefor in New York, New York on March 19, 2019. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on any date prior to two business days before delivery will be required to specify alternative settlement arrangements to prevent a failed settlement.

We have been advised by GS&Co. that it intends to make a market in the notes. However, neither GS&Co. nor any of our other affiliates that makes a market is obligated to do so and any of them may stop doing so at any time without notice. No assurance can be given as to the liquidity or trading market for the notes.

The notes will not be listed on any securities exchange or interdealer quotation system.

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We have not authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this pricing supplement, the accompanying general terms supplement no. 1,734, the accompanying prospectus supplement or the accompanying prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This pricing supplement, the accompanying general terms supplement no. 1,734, the accompanying prospectus supplement and the accompanying prospectus is an offer to sell only the notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this pricing supplement, the accompanying general terms supplement no. 1,734, the accompanying prospectus supplement and the accompanying prospectus is current only as of the respective dates of such documents.

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GS Finance Corp.

Callable Contingent Coupon Index-Linked Notes due

guaranteed by

The Goldman Sachs Group, Inc.

Goldman Sachs & Co. LLC

	Twelve Months Ended December 31, 1998	Twelve Months Ended December 31, 2000	Twelve Months Ended December 31, 2001	Twelve Months Ended July 31, 1999	Twelve Months Ended December 31, 1999	Five Months Ended December 31, 2000	Five Months Ended December 31, 1999
CAPITAL EXPENDITURES(1) (In thousands)							
Condor	\$ 578	\$ 270	\$ 203	\$ 151	\$ 136	Teal 11	122 235 121 158 SL-MTI
EME	196	280	760	52	659	632	398 340 128 130 RFL 195 434 151
297 -- Surf Tech	671	958	163	98	117	Other including Corporate Office 59	101 49 2 47
Consolidated	\$2,342		\$2,563		\$1,901		
	\$849		\$1,247				

	Twelve Months Ended December 31, 1998	Twelve Months Ended December 31, 2000	Twelve Months Ended December 31, 2001	Twelve Months Ended July 31, 1999	Twelve Months Ended December 31, 1999	Five Months Ended December 31, 2000	Five Months Ended December 31, 1999
DEPRECIATION AND AMORTIZATION (In thousands)							
Condor	\$1,745	\$1,581	\$ 679	\$ 626	394	Teal 762	836 873 369 372 SL-MTI 395 403 378 173 163 EME 418 394 570 184 207 RFL 795 770 169 328 -- Surf Tech 386 301 252 106 110 Other including Corporate Office 86 94 171 44 -- Consolidated \$4,587 \$4,379 \$3,092 \$1,830 \$1,246

	Twelve Months Ended December 31, 1998	Twelve Months Ended December 31, 2000	Twelve Months Ended December 31, 2001	Twelve Months Ended July 31, 1999	Five Months Ended December 31, 1999	Five Months Ended December 31, 2000
NET SALES(1) (In thousands)						
United States ...	\$100,796	\$113,731	\$64,895	\$46,354	\$23,314	Germany 20,762 17,856 14,917 6,378 7,019 Other Foreign 16,909 16,818 8,882 6,300 2,476 Consolidated \$138,467 \$148,405 \$88,694 \$59,032 \$32,809

	Twelve Months Ended December 31, 1998	Twelve Months Ended December 31, 2000	Twelve Months Ended December 31, 2001	Twelve Months Ended July 31, 1999	Five Months Ended December 31, 1999	Five Months Ended December 31, 2000
LONG-LIVED ASSETS						
United States ...	\$ 22,407	\$ 28,961	\$30,529	\$28,146	\$12,854	Germany 9,407 9,215 9,639 9,454 10,034 Other Foreign 1,814 2,375 1,570 2,688 417 Consolidated \$ 33,628 \$ 40,551 \$41,738 \$40,288 \$23,305

Net sales are attributed to countries based on location of customer. NOTE 15. FOREIGN OPERATIONS In addition to manufacturing operations in California, Minnesota, New Jersey and Maryland, the Company manufactures substantial quantities of products in leased premises located in Mexicali and Matamoros, Mexico; Ingolstadt, Germany; and Paks, Hungary. These external and foreign sources of supply present risks of interruption for reasons beyond the Company's control, including political and other uncertainties. During the year ended December 31, 2001, the Company manufactured products in two additional facilities in Mexico. The Condor plant in Reynosa, Mexico was closed in March 2002, and the SLW Holdings plant in Nogales, Mexico was sold in September 2001. Generally, the Company's sales are priced in United States dollars and German marks (European Union euros effective January 1, 2002), and its costs and expenses are priced in United States dollars, Mexican pesos, German marks (European Union euros effective January 1, 2002), and Hungarian forints. Accordingly, the competitiveness of the Company's products relative to locally produced products may be affected by the performance of the United States dollar compared with that of its foreign customers' currencies. Foreign sales comprised 27%, 23% and 27% of sales for the years ended December 31, 2001 and December 31, 2000, and fiscal year F-28 ended July 31, 1999, respectively. Foreign sales comprised 21% and 29% of sales for the five months ended December 31, 1999 and 1998, respectively. Additionally, the Company is exposed to foreign currency transaction and translation losses which might result from adverse fluctuations in the values of the Mexican peso, German mark (European Union euro effective January 1, 2002), and Hungarian forint. As of December 31, 2001, the Company had net liabilities of \$241,000 subject to fluctuations in the value of the Mexican peso, net assets of \$4,578,000 subject to fluctuations in the value of the German mark, and net assets of \$507,000 subject to fluctuations in the value of the Hungarian forint. Fluctuations in the value of the

Mexican peso, German mark, and Hungarian forint have not been significant in 2000 and 2001. However, there can be no assurance that the value of the Mexican peso, European Union euro, or Hungarian forint will continue to remain stable. EME manufactures all of its products in Germany or Hungary and incurs its costs in German marks (European Union euros effective January 1, 2002) or Hungarian forints. EME's sales are priced in German marks (European Union euros effective January 1, 2002) and United States dollars. Condor manufactures substantially all of its products in Mexico and incurs its labor costs and supplies in Mexican pesos. SL-MTI manufactures an increasing amount of its products in Mexico and incurs related labor costs and supplies in Mexican pesos. Both Condor and SL-MTI price their sales in United States dollars. EME maintains its books and records in German marks (European Union euros effective January 1, 2002), and its Hungarian subsidiary maintains its books and records in Hungarian forints. The Mexican subsidiaries of Condor and SL-MTI maintain their books and records in Mexican pesos.

NOTE 16. RESTRUCTURING COSTS AND IMPAIRMENT CHARGES The Company recorded restructuring, impairment charges, and inventory write-downs during the year ended December 31, 2001 summarized as follows: Impairment Inventory Restructuring of Write- Costs Intangibles downs ----- (In thousands) Condor - intangible asset impairment \$ -- \$4,145 \$ -- Condor - workforce reduction and other .. 3,683 -- -- Condor - inventory write-off -- -- 2,890 Surf Tech - intangible asset impairment . -- 125 -- Surf Tech - fixed asset write-offs 125 -- -- Surf Tech - workforce reduction and other 60 -- -- Surf Tech - inventory write-off -- -- 50 ----- Total restructuring and impairment charges \$3,868 \$4,270 \$2,940 =====

The Condor restructuring charge relates to the closure of its facility in Reynosa, Mexico. The workforce reduction charges are primarily for severance costs and are discussed more fully below. During 2001, the Company implemented a plan to restructure certain of its operations as a result of a significant reduction in the demand for products by telecommunications equipment F-29 manufacturers. The sharp decrease in orders for telecommunications-related products occurred abruptly in the first quarter and continued to the end of 2001. As a result, the Company needed to reduce its fixed costs and manufacturing capacity in line with substantially lower sales forecasts. The restructuring plan was designed to address these requirements in a deliberate manner that would not overburden the Company's personnel and monetary resources. It consisted of the following actions: 1) the closure of Condor's engineering and sales support facility in Brentwood, New York; 2) the closure of Condor's manufacturing facility in Reynosa, Mexico; and 3) the substantial reduction in employees and staff at Condor's continuing manufacturing facilities in Mexicali, Mexico and headquarters in Oxnard, California. The charge for facility closures relates primarily to the write-off of equipment and other fixed assets to be disposed of or abandoned. A portion of the charge represents the Company's estimate of the future lease commitments and buyout options for closed facilities. The Company anticipates that such facilities will be closed and assets will be disposed of by the end of the second quarter of 2002. Lease payments for the closed facilities extend into 2003. The restructuring plan included the termination of approximately 828 employees, and payment of related severance benefits.

Approximately 810 employees have been terminated as of December 31, 2001. The remaining terminations and associated termination payments are expected to be effected in the first quarter of 2002. As of December 31, 2001, approximately \$1,163,000 of the restructuring costs is included as a component of other accrued liabilities in the accompanying consolidated balance sheet.

NOTE 17. SELECTED QUARTERLY FINANCIAL DATA
(UNAUDITED) Three Months Three Months Three Months Three Months Ended Ended Ended Ended March 31, 2001 June 30, 2001 September 30, 2001 December 31, 2001

----- (In thousands, except per share data) TWELVE MONTHS ENDED DECEMBER 31, 2001

Net sales (a)	\$37,582	\$32,479	\$33,968	\$34,438
Gross margin (b)	\$12,294	\$ 7,102	\$11,347	\$11,321
Income (loss) from continuing operations before income taxes (c)	\$ 1,359	\$(4,734)	\$(1,489)	\$(6,011)
Net income (loss) (d)	\$ 479	\$(5,312)	\$(2,710)	\$(3,107)
Diluted net income per common share	\$ 0.08	\$ (0.93)	\$ (0.47)	\$ (0.54)
(a) Excludes net sales from discontinued operations of	\$ 6,145	\$ 2,913	\$ 1,258	\$ --
(b) Excludes gross margin from discontinued operations of	\$ 589	\$ 393	\$(338)	\$ --
(c) Excludes income (losses) before income taxes from discontinued operations of	\$ (500)	\$(1,063)	\$(5,461)	\$ 1,884
(d) Includes income (losses) from discontinued operations net of tax	\$ (32)	\$(2,586)	\$(1,626)	\$ 297

----- (In thousands, except per share data) TWELVE MONTHS ENDED DECEMBER 31, 2000

Net sales (a)	\$37,582	\$32,479	\$33,968	\$34,438
Gross margin (b)	\$12,294	\$ 7,102	\$11,347	\$11,321
Income (loss) from continuing operations before income taxes (c)	\$ 1,359	\$(4,734)	\$(1,489)	\$(6,011)
Net income (loss) (d)	\$ 479	\$(5,312)	\$(2,710)	\$(3,107)
Diluted net income per common share	\$ 0.08	\$ (0.93)	\$ (0.47)	\$ (0.54)
(a) Excludes net sales from discontinued operations of	\$ 6,145	\$ 2,913	\$ 1,258	\$ --
(b) Excludes gross margin from discontinued operations of	\$ 589	\$ 393	\$(338)	\$ --
(c) Excludes income (losses) before income taxes from discontinued operations of	\$ (500)	\$(1,063)	\$(5,461)	\$ 1,884
(d) Includes income (losses) from discontinued operations net of tax	\$ (32)	\$(2,586)	\$(1,626)	\$ 297

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MONTHS ENDED DECEMBER 31, 2000 Net sales (e) \$37,409 \$39,098 \$36,260 \$35,638
 Gross margin (f) \$13,862 \$13,985 \$11,111 \$12,152 Income from continuing operations before
 income taxes (g) \$ 2,648 \$ 2,899 \$ 2,390 \$ 2,128 Net income (loss)(h) \$ 548 \$ 796 \$ 729
 \$ (373) Diluted net income per common share \$ 0.09 \$ 0.14 \$ 0.13 \$ (0.07) (e) Excludes net sales from
 discontinued operations of \$ 6,128 \$ 5,046 \$ 4,582 \$ 3,585 (f) Excludes gross margin from
 discontinued operations of \$ 1,201 \$ 977 \$ 325 \$ (430) (g) Excludes (losses) before income taxes
 from discontinued operations of \$(1,567) \$(1,546) \$(1,763) \$(2,902) (h) Includes (losses) from discontinued
 operations net of tax \$(1,007) \$ (996) \$(1,119) \$(1,601) F-31 SCHEDULE II VALUATION AND
 QUALIFYING ACCOUNTS

----- Additions
 ----- Balance at Charged to Charged Beginning Costs and to Other Balance at End of Description of Period
 Expenses Accounts Deductions Period

----- (In
 thousands) TWELVE MONTHS ENDED DECEMBER 31, 2001 Allowance for: Doubtful accounts
 \$560 \$469 \$ -- \$461(b) \$568 TWELVE MONTHS ENDED DECEMBER 31, 2000 Allowance for: Doubtful accounts
 \$416 \$389 \$ 40(a) \$285(b) \$560 TWELVE MONTHS ENDED JULY 31, 1999 Allowance for:
 Doubtful accounts \$233 \$ 40 \$142(a) \$ 35(b) \$380 FIVE MONTHS ENDED DECEMBER 31,
 1999 Allowance for: Doubtful accounts \$380 \$ 10 \$ 58(a) \$ 32(b) \$416 FIVE MONTHS ENDED
 DECEMBER 31, 1998 (Unaudited) Allowance for: Doubtful accounts \$233 \$ 13 \$ 32(a) \$ 0(b)
 \$278 (a) Due to reclassifications. (b) Accounts receivable written off, net of recoveries. F-32 SL INDUSTRIES, INC.
 CONSOLIDATED BALANCE SHEETS June 30, December 31, 2002 2001 ----- (Unaudited)

ASSETS Current assets: Cash and cash equivalents \$ 2,722,000 \$ 6,577,000 Receivables, net 21,762,000 36,041,000
 Inventories 19,582,000 20,497,000 Prepaid expenses 997,000 815,000 Deferred income taxes 6,452,000 6,300,000
 ----- Total current assets 51,515,000 70,230,000 Property, plant and equipment, less accumulated
 depreciation of \$20,866,000 and \$18,941,000, respectively 18,574,000 18,829,000 Deferred income taxes 2,048,000
 2,014,000 Cash surrender value of life insurance policies 949,000 1,323,000 Intangible assets, less accumulated
 amortization of \$6,216,000 and \$6,017,000, respectively 14,602,000 14,799,000 Other assets 437,000 563,000
 ----- Total assets \$ 88,125,000 \$ 107,758,000 ----- LIABILITIES Current

liabilities: Short-term bank debt \$ 2,534,000 \$ 1,367,000 Long-term debt due within one year 20,387,000 35,829,000
 Accounts payable 5,673,000 8,149,000 Accrued income taxes 1,717,000 2,019,000 Accrued liabilities: Payroll and
 related costs 5,585,000 7,609,000 Other 10,663,000 11,781,000 ----- Total current liabilities
 46,559,000 66,754,000 Long-term debt less portion due within one year 62,000 1,009,000 Deferred compensation and
 supplemental retirement benefits 4,252,000 4,268,000 Other liabilities 2,771,000 2,523,000 -----
 Total liabilities 53,644,000 74,554,000 ----- Commitments and contingencies (Note 8)

SHAREHOLDERS' EQUITY Preferred stock, no par value; authorized, 6,000,000 shares; none issued -- -- Common
 stock, \$.20 par value; authorized, 25,000,000 shares; issued, 8,298,000 shares 1,660,000 1,660,000 Capital in excess
 of par value 38,788,000 39,025,000 Retained earnings 8,852,000 8,897,000 Accumulated other comprehensive
 income (loss) 397,000 (5,000) Treasury stock at cost, 2,394,000 and 2,587,000 shares, respectively (15,216,000)
 (16,373,000) ----- Total shareholders' equity 34,481,000 33,204,000 ----- Total

liabilities and shareholders' equity \$ 88,125,000 \$ 107,758,000 ----- See accompanying notes to
 consolidated financial statements. F-33 SL INDUSTRIES, INC. CONSOLIDATED STATEMENTS OF

OPERATIONS (Unaudited) Three-Months Ended * Six-Months Ended * June 30, June 30, 2002 2001 2002 2001

----- Net sales \$ 34,409,000 \$ 32,479,000 \$ 67,356,000 \$ 70,061,000 -----

----- Cost and expenses: Cost of products sold 23,369,000 22,486,000 44,702,000

47,774,000 Write-down of inventory -- 2,890,000 -- 2,890,000 Engineering and product development 1,834,000

2,253,000 4,050,000 4,581,000 Selling, general and administrative 7,576,000 6,659,000 14,862,000 13,489,000

Depreciation and amortization 870,000 1,167,000 1,744,000 2,313,000 Special charges 9,000 -- 1,834,000 --

Restructuring costs 40,000 1,108,000 265,000 1,108,000 ----- Total cost and

expenses 33,698,000 36,563,000 67,457,000 72,155,000 ----- Income (loss) from

operations 711,000 (4,084,000) (101,000) (2,094,000) Other income (expense): Interest income 62,000 107,000

140,000 179,000 Interest expense (431,000) (757,000) (985,000) (1,460,000) -----

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----- Income (loss) from continuing operations before income taxes 342,000 (4,734,000) (946,000) (3,375,000)
Income tax provision (benefit) 11,000 (2,008,000) (588,000) (1,160,000) -----
Income (loss) from continuing operations 331,000 (2,726,000) (358,000) (2,215,000) Discontinued operations (net of
tax) -- (2,586,000) 313,000 (2,618,000) ----- Net income (loss) \$ 331,000 \$
(5,312,000) \$ (45,000) \$ (4,833,000) ===== BASIC
NET INCOME (LOSS) PER COMMON SHARE Income (loss) from continuing operations \$ 0.06 \$ (0.48) \$ (0.06) \$
(0.39) Discontinued operations (net of tax) -- (0.45) 0.05 (0.46) ----- Net income
(loss) \$ 0.06 \$ (0.93) \$ (0.01) \$ (0.85) =====
DILUTED NET INCOME (LOSS) PER COMMON SHARE Income (loss) from continuing operations \$ 0.06 \$
(0.48) \$ (0.06) \$ (0.39) Discontinued operations (net of tax) -- (0.45) 0.05 (0.46) -----
----- Net income (loss) \$ 0.06 \$ (0.93) \$ (0.01) \$ (0.85) =====
===== Shares used in computing basic net income (loss) per common share 5,894,000 5,705,000 5,839,000
5,690,000 Shares used in computing diluted net income (loss) per common share 5,930,000 5,705,000 5,839,000
5,690,000 * RECLASSIFIED FOR COMPARATIVE PURPOSES ONLY. See accompanying notes to consolidated
financial statements. F-34 SL INDUSTRIES, INC. CONSOLIDATED STATEMENTS OF COMPREHENSIVE
OPERATIONS (Unaudited) Three-Months Ended Six-Months Ended June 30, June 30, 2002 2001 2002 2001
----- Net income (loss) \$ 331,000 \$(5,312,000) \$ (45,000) \$(4,833,000) Other
comprehensive income (loss): Currency translation adjustment, net of related taxes 389,000 (38,000) 402,000 (26,000)
----- Comprehensive income (loss) \$ 720,000 \$(5,350,000) \$ 357,000 \$(4,859,000)
===== See accompanying notes to consolidated financial
statements. F-35 SL INDUSTRIES, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX
MONTHS ENDED JUNE 30, 2002 AND JULY 1, 2001 (UNAUDITED) 2002 2001 -----
OPERATING ACTIVITIES: Net loss from continuing operations \$ (358,000) \$ (2,215,000) Adjustments to reconcile
net loss from continuing operations to net cash provided by operating activities: Depreciation 1,427,000 1,509,000
Amortization 317,000 804,000 Restructuring charges 265,000 1,108,000 Write-down of inventory -- 2,890,000
Provisions for losses on accounts receivable (30,000) 185,000 Additions to other assets 9,000 (78,000) Cash surrender
value of life insurance premiums 31,000 (653,000) Deferred compensation and supplemental retirement benefits
248,000 329,000 Deferred compensation and supplemental retirement benefit payments (1,780,000) (264,000)
(Increase) decrease in deferred income taxes 349,000 (1,707,000) (Gain) loss on sales of equipment (6,000) 1,000
Investment in Kreiss Johnson -- 56,000 Changes in operating assets and liabilities, excluding effects of business
disposition: Accounts receivable 1,818,000 425,000 Inventories 1,401,000 (759,000) Prepaid expenses (154,000)
40,000 Accounts payable (1,675,000) (3,923,000) Other accrued liabilities (3,946,000) (2,021,000) Accrued income
taxes 2,938,000 1,920,000 ----- NET CASH PROVIDED BY (USED IN) OPERATING
ACTIVITIES 854,000 (2,353,000) ----- INVESTING ACTIVITIES: Proceeds from sales of
equipment 15,000 -- Purchases of property, plant and equipment (1,120,000) (1,725,000) Increase in notes receivable
-- 19,000 Proceeds from cash surrender life insurance policies 10,676,000 -- ----- NET CASH
PROVIDED BY (USED IN) INVESTING ACTIVITIES 9,571,000 (1,706,000) ----- FINANCING
ACTIVITIES: Proceeds from short-term debt 917,000 873,000 Proceeds from long-term debt 10,300,000 12,645,000
Payments on long-term debt (26,711,000) (11,183,000) Proceeds from stock options exercised 754,000 442,000
Treasury stock sold 166,000 125,000 ----- NET CASH PROVIDED BY (USED IN) FINANCING
ACTIVITIES (14,574,000) 2,902,000 ----- NET CASH PROVIDED BY DISCONTINUED
OPERATIONS 25,000 120,000 Effect of exchange rate changes on cash 269,000 (152,000) ----- NET
CHANGE IN CASH AND CASH EQUIVALENTS (3,855,000) (1,189,000) CASH AND CASH EQUIVALENTS
AT BEGINNING OF PERIOD 6,577,000 1,189,000 ----- CASH AND CASH EQUIVALENTS AT
END OF PERIOD \$ 2,722,000 \$ -- ===== Supplemental disclosures of cash flow
information: Cash paid during the year for: Interest \$ 1,107,000 \$ 1,630,000 Income taxes \$ 655,000 \$ 450,000 See
accompanying notes to consolidated financial statements. F-36 SL INDUSTRIES, INC. Notes to Consolidated
Financial Statements 1. BASIS OF PRESENTATION The accompanying unaudited consolidated financial statements
have been prepared in accordance with generally accepted accounting principles for interim financial information and
with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the
information and footnotes required by generally accepted accounting principles for complete financial statements. In

the opinion of management, the accompanying financial statements contain all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation. Operating results for interim periods are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. These financial statements should be read in conjunction with the Company's audited financial statements and notes thereon included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001. LIQUIDITY: The Company is party to a Second Amended and Restated Credit Agreement, dated December 13, 2001, as amended (the "Revolving Credit Facility"), that allows the Company to borrow for working capital and other purposes. The Revolving Credit Facility contains certain financial and non-financial covenants, including requirements for certain minimum levels of net income and a minimum fixed charge coverage ratio, as defined therein, on a quarterly basis. As of December 31, 2001, the Company was in violation of the net income covenant for the fourth quarter of 2001. In addition, on March 1, 2002, the Company was notified that it was in default under the Revolving Credit Facility due to its failure to meet the previously scheduled debt reduction to \$25,500,000 on March 1, 2002. On May 23, 2002, the Company and its lenders reached an agreement, pursuant to which the lenders granted a waiver of default and amendments to the violated financial covenants, so that the Company will be in full compliance with the Revolving Credit Facility. The agreement provides, among other things, for the Company to pay-down outstanding borrowings by \$689,000 to \$25,500,000 and for the payment to the lenders of an amendment fee of \$130,000. The Company is currently seeking to refinance the Revolving Credit Facility. The Revolving Credit Facility matures on December 31, 2002 and provides for the payment of a facility fee of \$780,000 in the event that the Revolving Credit Facility is not repaid by September 30, 2002 or by October 31, 2002 under certain circumstances. There can be no assurance that the Company will be able to refinance the Revolving Credit Facility prior to October 31, 2002 or that the Revolving Credit Facility will be refinanced successfully. For more information regarding the Revolving Credit Facility, see Note 6, as well as "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Quarterly Report on Form 10-Q. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

F-37 2. RECEIVABLES Receivables at June 30, 2002 and December 31, 2001 consisted of the following:

	June 30, 2002	December 31, 2001	
(in thousands)			
Trade receivables	\$ 20,161	\$ 20,189	Less allowances for doubtful accounts . (321) (568)
Receivables for life insurance policies surrendered	19,840	19,621	-- 10,229
Recoverable income taxes	1,698	4,355	Other 224 1,836
	\$ 36,041		\$ 21,762

In January 2002, the Company received \$10,229,000 from the surrender value of life insurance policies. These funds were used to pay down debt under the Company's Revolving Credit Facility. See Notes 1 and 6. 3. INVENTORIES Inventories at June 30, 2002 and December 31, 2001 consisted of the following:

	June 30, 2002	December 31, 2001	
(in thousands)			
Raw materials	\$ 14,326	\$ 15,341	Work in process 6,086 5,261
Finished goods	2,455	3,401	22,867
Less allowances	(3,285)	(3,506)	\$ 19,582 \$ 20,497

4. INCOME (LOSS) PER SHARE The Company has presented net income (loss) per common share pursuant to the Financial Accounting Standards Board Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share." Basic net income (loss) per common share is computed by dividing reported net income (loss) available to common shareholders by the weighted average number of shares outstanding for the period. Diluted net income per common share is computed by dividing reported net income available to common shareholders by the weighted average shares outstanding for the period, adjusted for the dilutive effect of common stock equivalents, which consist of stock options, using the treasury stock method. F-38 The table below sets forth the computation of basic and diluted net income (loss) per share: Three Months Ended June 30, 2002 2001 (in thousands, except per share amounts)

	Net Per Share	Net Per Share	Income	Shares	Amount (Loss)
Shares	Amount	Amount	Amount	Amount	Amount
-----	-----	-----	-----	-----	-----
	Basic net income (loss) per common share	\$ 331	5,894	\$ 0.06	
	Effect of dilutive securities	-- 36	--	--	--
	Diluted net income (loss) per common share	\$ 331	5,930	\$ 0.06	\$(5,312) 5,705 \$ (0.93)

===== Six Months Ended June 30, 2002 2001 (in thousands, except per share amounts)

	Net Per Share	Net Per Share	Income	Shares	Amount (Loss)
Shares	Amount	Amount	Amount	Amount	Amount
-----	-----	-----	-----	-----	-----
	Basic net (loss) per common share	\$ (45)	5,839	\$ (0.01)	\$(4,833) 5,690 \$ (0.85)
	Effect of dilutive securities	--	--	--	--
	Diluted net income (loss) per common share	\$ (45)	5,839	\$ (0.01)	\$(4,833) 5,690 \$ (0.85)

===== For the six-month period ended June 30, 2002, common stock options of 57,224 were outstanding and for the three-month and six-month periods ended June 30, 2001, common stock options of 678,470 were outstanding but were excluded from the diluted computation because the Company incurred a net loss and the effect of including the options would be anti-dilutive. For the three-month and six-month periods ended June 30, 2002, options to purchase 472,511 and 469,315 shares of stock, respectively, were excluded from the diluted computation because the option exercise prices were greater than the average market price of the Company's common stock during these periods.

5. RECENT ACCOUNTING PRONOUNCEMENTS In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard No. 141, "Business Combinations" ("SFAS No. 141"), which requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting. As a result, use of the pooling-of-interests method is prohibited for business combinations initiated thereafter. SFAS No. 141 also establishes criteria for the separate recognition of intangible assets acquired in a business combination. In 2001, the F-39 Company adopted this statement, which did not have any impact on its consolidated financial position or results of operations. In June 2001, the FASB issued Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"), which requires that goodwill and certain other intangible assets having indefinite lives no longer be amortized to earnings, but instead be subject to periodic testing for impairment. Intangible assets determined to have definitive lives will continue to be amortized over their estimated useful lives. This statement is effective for the Company's 2002 fiscal year. Effective January 1, 2002, the Company adopted SFAS No. 142 and implemented certain provisions, specifically the discontinuation of goodwill amortization, and will implement the remaining provisions during 2002. The Company conducted its initial test for impairment in the second quarter of 2002. The Company allocated its adjusted goodwill balance to its reporting units and conducted the transitional impairment tests required by SFAS No. 142. The fair values of the reporting units were estimated using a combination of the expected present values of future cash flows and an assessment of comparable market values. No impairment charges were recorded during the quarter. The Company anticipates testing for impairment after the annual forecasting process is completed which will occur in the fourth quarter of the year or as impairment indicators arise. There were no changes in the classifications of intangible assets or their remaining useful lives upon adoption of this pronouncement. The following table reflects the adjustment to exclude goodwill amortization expense (including related tax effects) recognized in the prior periods as presented (in thousands, except per share amounts):

	Three Months Ended June 30, 2002	2001	2002	2001	
	-----	-----	-----	-----	Reported net income (loss)
	\$ (45)	\$ (4,833)			\$ 331 \$ (5,312)
			Add back goodwill amortization --	102 -- 185	-----
					Adjusted net income (loss)
	\$ 331	\$ (5,210)			\$ (45) \$ (4,648)

	Income (loss) per share - basic	Reported net income (loss)	\$.06	\$ (.93)	\$ (.01)	\$ (.85)
		Goodwill amortization --	.02	-- .03		
		Adjusted net income (loss)	\$.06	\$ (.91)	\$ (.01)	\$ (.82)

	Income (loss) per share - diluted	Reported net income (loss)	\$.06	\$ (.93)	\$ (.01)	\$ (.85)
		Goodwill amortization --	.02	-- .03		
		Adjusted net income (loss)	\$.06	\$ (.91)	\$ (.01)	\$ (.82)

===== In October 2001, the FASB issued Statement of Financial Accounting Standard No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"), which excludes from the definition of long-lived assets goodwill and other intangibles that are not amortized in accordance with SFAS No. 142. SFAS No. 144 requires that long-lived assets to be disposed of by sale be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. SFAS No. 144 also expands the reporting of discontinued operations to include components of an entity that have F-40 been or will be disposed of rather than limiting such discontinuance to a segment of a business. This statement is effective for the Company's 2002 fiscal year. Effective January 1, 2002, the Company adopted this Statement, which did not have an impact on its consolidated financial position or results of operations.

6. DEBT Debt consists of the following:

	June 30, 2002	2001		
	-----	-----		(in thousands)
Short-term bank debt.....	\$ 2,534	\$ 1,367		Revolving lines of credit
35,689 Mortgages payable	163	1,149	20,449	36,838
				Less portion due within one year
(20,387) (35,829) -----			\$ 62	\$ 1,009

Under the terms of the Revolving Credit Facility, the Company can borrow for working capital and other purposes at

the prime interest rate plus two percent. Borrowings under the Revolving Credit Facility are collateralized by substantially all of the Company's assets. The Revolving Credit Facility contains limitations on borrowings and requires maintenance of certain financial and non-financial covenants, the most restrictive of which require certain levels of quarterly net income and a quarterly minimum fixed charge coverage ratio, which is the ratio of earnings before interest, taxes, depreciation and amortization, plus operating rent, to the sum of operating rent, capital expenditures and interest charges. In addition, the Company is prohibited, under the Revolving Credit Facility from paying dividends. The Revolving Credit Facility matures on December 31, 2002 and provides for the payment of a fee of approximately \$780,000 in the event that the facility is not retired on September 30, 2002 or in certain circumstances before October 31, 2002. As of June 30, 2002, outstanding borrowings under the Company's Revolving Credit Facility were \$20,286,000. The Company had available borrowings of \$4,672,000 under the Revolving Credit Facility as of June 30, 2002. During the second quarter of 2002, \$5,903,000 was paid against the Revolving Credit Facility. The Company's German subsidiary Elektro-Metall Export GmbH ("EME"), also has \$5,591,000 in lines of credit with its banks in Germany that expire at various times during 2002. Under the terms of its lines of credit, EME can borrow for any purpose at interest rates ranging from 7.125% to 8.25%. No financial covenants are required.

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7. ACCRUED LIABILITIES OTHER Accrued liabilities and Other at June 30, 2002 and December 31, 2001 consisted of the following: June 30, December 31, 2002 2001 ----- (in thousands) Taxes other than \$ 1,054 \$ 902 income Insurance 504 479 Advertising and promotions 63 79 Interest 157 280 Commissions 570 543 Royalties 79 64 Professional fees 1,221 1,389 Reserves for fees and 1,207 1,374 services Deferred 3,617 3,760 revenue Other 2,191 2,911 ----- \$10,663 \$11,781 =====
 Included in the above accruals is a restructuring reserve of \$300,000 at June 30, 2002 (there are no remaining severance payments to be made against this reserve) and \$1,163,000 at December 31, 2001. During the second quarter of 2002, \$295,000 was charged against the restructuring reserve, all of which were cash items except an inventory write off of \$57,000. The restructuring reserve established during the year ended December 31, 2001 was primarily in response to a significant reduction in the demand for products by telecommunication equipment manufacturers.

8. COMMITMENTS AND CONTINGENCIES LITIGATION: In the ordinary course of business, the Company is subject to loss contingencies pursuant to foreign and domestic federal, state, and local governmental laws and regulations and is also party to certain legal actions. It is management's opinion that the impact of these legal actions will not have a material adverse effect on the consolidated financial position or results of operations of the Company. The Company's subsidiary, SL Montevideo Technology, Inc. ("SL-MTI"), is currently defending a cause of action, brought against it in the fall of 2000 in the federal district court for the western district of Michigan. The lawsuit was filed by Eaton Aerospace LLC ("Eaton") alleging breach of contract and warranty in the defective design and manufacture of a high precision motor. The high precision motor was developed for use in an aircraft actuation system intended for use by Vickers Corporation. The complaint seeks compensatory damages of approximately \$3,900,000. Trial is currently scheduled for October 18, 2002. As part of pre-trial motions, both parties filed, briefed and argued cross-motions for summary judgement. On July 18, 2002, Eaton's motion for partial summary judgment was granted to the limited extent that the court found that SL-MTI sold motors to Eaton with an express warranty and an implied warranty of merchantability. Eaton's motion was denied in all other respects with the court indicating that the nature and extent of those warranties would have to be decided by a jury at trial. The Company continues to believe that it has strong defenses to Eaton's claims and intends to pursue them vigorously.

F-42 On June 12, 2002, the Company and its subsidiary SL Surface Technologies, Inc. ("SurfTech"), were served with notice of class action complaint filed in Superior Court of New Jersey for Camden County. The Company and SurfTech are currently two of approximately 39 defendants in this action. The complaint alleges, among other things, that plaintiffs suffered personal injuries as a result of consuming contaminated water distributed from the Puchack Wellfield in Pennsauken, New Jersey (which supplies Camden, New Jersey). This case arises from the same factual circumstances as the current administrative actions involving the Puchack Wellfield, which is described under Commitments & Contingencies-Environmental below. The administrative actions and the class action lawsuit both allege that SurfTech and other defendants contaminated ground water through the disposal of hazardous substances at industrial facilities in the area. SurfTech once operated a chrome-plating facility in Pennsauken (the "SurfTech Site"). As with the administrative actions, the Company believes it has significant defenses against the class action plaintiff's claims and intends to pursue them vigorously. Technical data generated as part of remedial activities at the SurfTech Site have not established offsite migration of contaminants. Based on this and other technical factors, the Company

has been advised by its outside counsel that it has a strong defense against the claims alleged in the class action plaintiff's complaint, as well as the environmental administrative actions discussed below. ENVIRONMENTAL: Loss contingencies include potential obligations to investigate and eliminate or mitigate the effects on the environment of the disposal or release of certain chemical substances at various sites, such as Superfund sites and other facilities, whether or not they are currently in operation. The Company is currently participating in environmental assessments and cleanups at a number of sites under these laws and may in the future be involved in additional environmental assessments and cleanups. Based upon investigations completed by the Company and its independent engineering consulting firm, to date, management has provided an estimated accrual for all known costs believed to be probable. However, it is in the nature of environmental contingencies that other circumstances might arise, the costs of which are indeterminable at this time due to such factors as changing government regulations and stricter standards, the unknown magnitude of defense and cleanup costs, the unknown timing and extent of the remedial actions that may be required, the determination of the Company's liability in proportion to other responsible parties, and the extent, if any, to which such costs are recoverable from other parties or from insurance. Although these contingencies could result in additional expenses or judgments, or offsets thereto, at present such expenses or judgments are not expected to have a material effect on the consolidated financial position or results of operations of the Company. In the fourth quarter of fiscal year 1990, the Company made a provision of \$3,500,000 to cover various environmental costs for six locations, based upon estimates prepared at that time by an independent engineering consulting firm. In fiscal 1991, 1996 and 1999, based upon estimates, the Company made additional provisions of \$480,000, \$900,000 and \$375,000, respectively. The fiscal 1996 provision was necessary since, during the latter part of fiscal 1995, the New Jersey Department of Environmental Protection required the Company to begin additional investigation of the extent of off-site contamination at its former facility in Wayne, New Jersey, where remediation had been underway. Based on the results of that investigation, which were received in fiscal 1996, the Company determined that additional remediation costs of approximately \$1,000,000 were probable. F-43 The Company filed claims with its insurers seeking reimbursement for many of these costs, and received \$900,000 from one insurer during fiscal year 1996 and a commitment to pay 15% of the environmental costs associated with one location up to an aggregate of \$300,000. During fiscal 1997, the Company received \$1,500,000 from three additional insurers and from two of those insurers, commitments to pay 15% and 20% of the environmental costs associated with the same location up to an aggregate of \$150,000 and \$400,000, respectively. In addition, the Company received \$100,000 during 2001, 2000, and fiscal 1999, as stipulated in the settlement agreement negotiated with one of the three insurers. During 2000, the Company reversed a separate accrual for a potential environmental penalty after being advised by legal counsel that there was only a remote chance such penalty would be enforced. The Company is the subject of various other lawsuits and actions relating to environmental issues, including administrative action in connection with Surf Tech's Pennsauken facility, which could subject the Company to, among other things, \$9,266,000 in collective reimbursements (with other parties) to the New Jersey Department of Environmental Protection. The Company believes that it has a significant defense against all or any part of the claim and that any material impact is unlikely. In December 2001, the Company received notice from the Connecticut Department of Environmental Protection of an administrative hearing to determine responsibility for contamination at a former industrial site located in New Haven, Connecticut. The Company has filed motions with the administrative court denying responsibility in this matter. Regardless of the court decision, the Company does not believe that remediation of this site will have a material adverse effect on its business or operations. The Company is investigating a ground water contamination with respect to its property in Camden, New Jersey. While a final determination of the extent of the contamination has not been made, the Company has been informed that the cost to remediate the property should not exceed \$500,000. The Company recorded a provision for this amount during the first quarter of 2002. As of June 30, 2002 and December 31, 2001, the environmental accrual was \$832,000 and \$290,000, respectively. EMPLOYMENT AGREEMENTS: The Company entered into severance agreements with certain key employees in 2001 and in prior years, that provide for one-time payments in the event that the employee is terminated within 12 months of a change in control, as defined. These payments range from three to 24 months of the employee's base salary as of the termination date, as defined. All senior divisional management teams are continuing in their positions. 9. SPECIAL CHARGES In 2001, the Company entered into change-of-control agreements with certain officers of the Company. On January 22, 2002, the Company held its annual meeting of shareholders for 2001. At the annual meeting, all eight members of the Board of Directors stood for re-election. In addition, five nominees from a committee comprised of representatives of two institutional shareholders (such

committee, the "RORID Committee") stood for election to the Board of Directors. Upon the certification of the election results on January 24, 2002, the five nominees of the RORID Committee were elected and three incumbent directors were re-elected. Following the election of the five new directors, the Company made payments (which included F-43 related benefits) to such officers under these change-of-control agreements totaling approximately \$1,631,000 in the first quarter of 2002 and incurred additional proxy and legal costs of approximately \$203,000. 10. NEW ACCOUNTING PRONOUNCEMENT NOT YET ADOPTED In August 2001, the FASB issued Statement of Financial Accounting Standard No. 143, "Accounting for Asset Retirement Obligations" ("SFAS No. 143"), which provides the accounting requirements for retirement obligations associated with tangible long-lived assets. This statement requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. This statement will be effective for the Company's 2003 year. The adoption of SFAS No. 143 is not expected to have a material impact on the Company's consolidated financial position or results of operations. In April 2002, the FASB adopted Statement of Financial Accounting Standards 145, rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections ("SFAS 145"). This Statement rescinds FASB Statement No. 4, Reporting Gains and Losses from Extinguishment of Debt, and an amendment of that Statement, FASB Statement No. 64, and Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements. This Statement also rescinds FASB Statement No. 44, Accounting for Intangible Assets of Motor Carriers. This Statement amends FASB Statement No. 13, Accounting for Leases, to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This Statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. Statement No. 145 is effective for fiscal years beginning after May 15, 2002. The Company is currently evaluating the impact if any, that implementation of this statement will have on its results of operations or financial position. In June 2002, The FASB Issued Statement 146 Accounting for Costs Associated with Exit or Disposal Activities ("SFAS 146"). This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issues No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The principal difference between this Statement and Issue 94-3 relates to its requirements for recognition of a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under Issue 94-3, a liability for an exit cost as defined in Issue 94-3 was recognized at the date of an entity's commitment to an exit plan. The provisions of this Statement are effective for exit or disposal activities that are initiated after December 31, 2002. The Company is currently evaluating the impact if any, that implementation of this statement will have on its results of operations or financial position. 11. SEGMENT INFORMATION Under the disclosure requirements of Statement of Financial Accounting Standard No. 131, "Disclosures about Segments of an Enterprise and Related Information," the Company classifies its operations into the following six operating business units: Condor D.C. Power Supplies, Inc. ("Condor") produces a wide range of standard and custom power supply products that convert AC or DC power to direct electrical current to be used in customers' end products. Power supplies closely regulate and monitor power outputs, using patented filter and other technologies, resulting in little or no electrical interference. Teal Electronics Corporation ("Teal") is a leader F-44 in the design and manufacture of customized power conditioning and power distribution units. Teal products are developed and manufactured for custom electrical subsystems for original equipment manufacturers of semiconductor, medical imaging, graphics, and telecommunications systems. SL Montevideo Technology, Inc. ("SL-MTI") is a technological leader in the design and manufacture of intelligent, high power density precision motors. New motor and motion controls are used in numerous applications, including aerospace, medical, and industrial products. Elektro-Metall Export GmbH ("EME") is a leader in electromechanical actuation systems, power drive units, and complex wire harness systems for use in the aerospace and automobile industries. RFL Electronics Inc. ("RFL") designs and manufactures teleprotection products/systems that are used to protect utility transmission lines and apparatus by isolating faulty transmission lines from a transmission grid. RFL provides customer service and maintenance for all electric utility equipment protection systems. SL Surface Technologies, Inc. ("Surf Tech") produces industrial coatings and platings for equipment in the corrugated paper and telecommunications industries. The "Other" segment includes corporate related items not allocated to reportable segments and the results of insignificant operations. The Company's reportable business units are managed separately because each offers different products and services and requires different marketing strategies.

The three month and six month periods ended June 30, 2001 have been reclassified to conform to the current reporting structure. The unaudited comparative results for the three-month and six-month periods are as follows: Three Months Ended Six Months Ended June 30, June 30, 2002 2001 2002 2001 ----- (in thousands) Net sales from continuing operations: Condor \$ 9,457 \$12,303 \$17,197 \$28,234 Teal 4,385 2,737 9,089 6,215 SL-MTI 6,241 4,224 11,950 8,303 EME 6,485 6,433 11,899 13,643 RFL 7,267 6,152 16,033 12,229 Surf Tech 574 630 1,188 1,437 Other -- -- -- -- ----- Consolidated \$34,409 \$32,479 \$67,356 \$70,061 ===== Three Months Ended Six Months Ended June 30, June 30, 2002 2001 2002 2001 ----- (in thousands) Operating income (loss) from continuing operations: Condor \$ (66) \$(4,452) \$ 195 \$(3,719) Teal 298 (7) 767 522 SL-MTI 822 340 1,326 699 EME 348 886 682 2,005 RFL 875 702 2,213 1,321 Surf Tech (178) (303) (485) (296) Other (1,388) (1,250) (4,799) (2,626) ----- Consolidated \$ 711 \$(4,084) \$ (101) \$(2,094)

===== F-45 Included in "Other" for the three months ended June 30, 2002 are corporate expenses, environmental charges, legal and professional fees and other costs incurred, which are Company related costs not specifically allocated to the reportable business units. There were no significant restructuring or special charges recorded during the current quarter. Included in "Other" for the six months ended June 30, 2002 were special charges of \$1,834,000 related to change-of-control and proxy costs, a \$542,000 addition to the reserve for environmental matters, professional fees of \$660,000 and other expenses not specifically allocated to the reportable business units. June 30, December 31, 2002 2001 ----- (in thousands) Identifiable assets: Condor \$ 19,181 \$ 20,740 Teal 9,850 9,834 SL-MTI 10,985 11,637 EME 24,308 23,524 RFL 15,564 17,445 Surf Tech 3,093 3,929 Other 5,144 20,649 ----- Consolidated \$ 88,125 \$107,758

===== 12. DISCONTINUED OPERATIONS In July 2001, the Board of Directors authorized the disposition of the Company's SL Waber, Inc. ("SL Waber") subsidiary. Effective August 27, 2001, substantially all of the assets of SL Waber and the stock of its subsidiary, Waber de Mexico S.A. de C.V. were sold. As part of this transaction, the purchaser acquired the rights to the SL Waber name and assumed certain liabilities and obligations of SL Waber. Subsequent to the sale, the Company changed the name of the SL Waber subsidiary to SLW Holdings, Inc. ("SLW Holdings"). The net income or losses of this subsidiary are included in the consolidated statements of operations under discontinued operations for all periods presented. During the three months ended March 31, 2002, the Company, based upon a review of potential liabilities, reduced the accrual for the liabilities (excluding accrued income taxes) related to SLW Holdings by \$450,000. As of June 30, 2002, the Company had \$769,000 accrued for any liabilities (excluding accrued income taxes) related to SLW Holdings, compared to \$1,519,000 at December 31, 2001. See Subsequent Events Footnote 14. 13. SALE OF BUSINESS On March 22, 2001, the Company announced, among other things, that the Board of Directors had completed a previously announced review of strategic alternatives and had determined that it would explore a sale of the Company in order to maximize its value for shareholders. Credit Suisse First Boston ("CSFB") assisted the Company's Board of Directors in its review and had been engaged to lead this process until July 2002. See Subsequent Events Note 14. F-46 14. SUBSEQUENT EVENTS On July 17, 2002, the Company received notification from CSFB that CSFB was terminating its engagement as financial advisor to the Company. The termination was primarily the result of CSFB's internal reorganization and does not specifically relate to the Company. The Company's Board of Directors has determined to continue to explore a sale of the Company or one or more of its divisions in order to maximize shareholder value. On August 8, 2002, the company engaged Imperial Capital, LLC to act as exclusive financial advisor to the Company. Imperial Capital, LLC will spearhead the Company's initiative to explore a sale of some or all of its businesses and will also assist management in its ongoing efforts to secure new long term debt to refinance the Company's current Revolving Credit Facility. On July 18, 2002 the Company sold its real property located in Auburn, New York for \$175,000 in cash. The Auburn property is the former industrial site of SL Auburn, Inc., a manufacturer of spark plugs and ignition systems. SL Auburn, Inc. was sold by the Company in May 1997. The gain from this transaction will be recorded in the Company's third quarter financial results. On July 31, 2002 the Company received a tax refund from Germany of approximately \$1,400,000. These proceeds were used principally to pay down the Company's Revolving Credit Facility balance. On August 9, 2002, the Company received a "Demand for Arbitration" with respect to a claim of \$578,000 from a former vendor of SL Waber. The claim concerns a dispute between SL Waber and an electronics manufacturer based in Hong Kong for alleged failure to pay for goods under a Supplier Agreement. The Company believes this claim is without merit and intends to vigorously pursue defenses with respect to these claims and may bring counter claims against the vendor.

Notwithstanding the outcome of these allegations, the Company does not believe that this arbitration will have a material adverse effect on its business or operations. F-47 PART II INFORMATION NOT REQUIRED IN PROSPECTUS Item 14. Other Expenses of Issuance and Distribution. The following is an itemization of all expenses (subject to future contingencies) incurred or to be incurred by the Company in connection with the issuance and distribution of the securities being offered. All items below are estimates other than the Securities and Exchange Commission registration fee and the NYSE listing fee. SL will pay all of such expenses. Securities and Exchange Commission registration fee \$ 460 NYSE listing fee..... * Printing and engraving expenses..... * Accounting fees and expenses..... * Legal fees and expenses..... * Subscription Agent fees and expenses..... * Miscellaneous..... * -----

Total..... \$ * ===== * To be completed by amendment. Item 15. Indemnification of Directors and Officers. Article VIII of the Articles of Incorporation of SL Industries, Inc. (the "Company") (therein referred to as the "Corporation") and Article 6 of the Bylaws of the Company provide as follows: The Corporation shall indemnify in the manner and to the full extent permitted by the New Jersey Business Corporation Act, as amended, any "corporate agent" of the Corporation (as such term is defined in Section 14A:3-5 of the New Jersey Business Corporation Act) who was or is a party or is threatened to be made a party to any "proceeding" (as such term is defined in said Section 14A:3-5), whether or not by or on behalf of the Corporation, by reason of the fact that such person is or was a corporate agent of the Corporation. Where required by law, the indemnification provided for herein shall be made only as authorized in the specific case upon the determination, in the manner provided by law, that indemnification of the Corporate agent is proper in the circumstances. The Corporation, to the full extent permitted by law, may purchase and maintain insurance on behalf of any such person against any liability which may be asserted against him. To the full extent permitted by law[s], the indemnification provided herein shall include "expenses" (as such term is defined in said Section 14A:3-5) and, in the manner provided by law, any such expenses may be paid by the Corporation in advance of the final disposition of such proceeding. The indemnification provided herein shall not be deemed to limit the right of the Corporation to indemnify any other person [for] any such expenses to the full extent permitted by law nor shall it be deemed exclusive of any other rights to which any person seeking indemnification from the Corporation may be entitled under any agreement, vote of Shareholders or Directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Item 16. Exhibits. Exhibit # Description ----- 3.1 Articles of Incorporation. Restated Articles of Incorporation. Incorporated by reference to Exhibit 3.1 to the Company's report on Form 10-K for the fiscal year ended December 31, 2000. 3.2 By-Laws. Restated By-Laws. Incorporated by reference to Exhibit 3.2 to the Company's report on Form 10-K for the fiscal year ended December 31, 2000. 4.1* Form of Rights Certificate. II-1 5.1* Opinion of Olshan Grundman Frome Rosenzweig & Wolosky LLP. 10.1 Supplemental Compensation Agreement for the Benefit of Byrne Litschgi. Incorporated by reference to Exhibit 10.1 to the Company's report on Form 8 dated November 9, 1990. 10.2 Chairman's Executive Severance Agreement. Incorporated by reference to Exhibit 10.2 to the Company's report on Form 8 dated November 9, 1990. 10.3 First Amendment to Chairman's Executive Severance Agreement and to Supplemental Compensation Agreement. Incorporated by reference to Exhibit 10.3.1 to the Company's report on Form 8 dated November 9, 1990. 10.4 Second Amendment to Chairman's Executive Severance Agreement and to Supplemental Compensation Agreement. Incorporated by reference to Exhibit 10.3.2 to the Company's report on Form 8 dated November 9, 1990. 10.5 Third Amendment to Chairman's Executive Severance Agreement and to Supplemental Compensation Agreement. Incorporated by reference to Exhibit 10.3.3 to the Company's report on Form 8 dated November 9, 1990. 10.6 Fourth Amendment to Chairman's Executive Severance Agreement and to Supplemental Compensation Agreement. Incorporated by reference to Exhibit 10.3.2 to the Company's report on Form 8 dated November 9, 1990. 10.7 Deferred Supplemental Compensation Agreement with Grant Heilman. Incorporated by reference to Exhibit 10.4.5 to the Company's report on Form 8 dated November 9, 1990. 10.8 Deferred Supplemental Compensation Agreement with William Hess. Incorporated by reference to Exhibit 10.4.6 to the Company's report on Form 8 dated November 9, 1990. 10.9 Supplemental Compensation Agreement for the Benefit of Donald J. Lloyd-Jones. Incorporated by reference to Exhibit 10.5.1 to the Company's report on Form 8 dated November 9, 1990. 10.10 Supplemental Compensation Agreement for the Benefit of Salvatore J. Nuzzo. Incorporated by reference to Exhibit 10.5.3 to the Company's report on Form 8 dated November 9, 1990. 10.11 Supplemental Compensation Agreement for the Benefit of Marlin Miller, Jr. Incorporated by reference to Exhibit 10.5.4 to the Company's report on Form 8 dated November 9, 1990. 10.12 Supplemental Compensation Agreement for the Benefit

of Grant Heilman. Incorporated by reference to Exhibit 10.5.5 to the Company's report on Form 8 dated November 9, 1990. 10.13 Supplemental Compensation Agreement for the Benefit of William M. Hess. Incorporated by reference to Exhibit 10.5.6 to the Company's report on Form 8 dated November 9, 1990. 10.14 1988 Deferred Compensation Agreement with a Certain Officer. Incorporated by reference to Exhibit 10.6 to the Company's report on Form 8 dated November 9, 1990. II-2 10.15 Death Benefit Arrangement with Certain Officers adopted by Board Resolution dated September 18, 1975. Incorporated by reference to Exhibit 10.7 to the Company's report on Form 8 dated November 9, 1990. 10.16 Non-Qualified Stock Option Agreement dated June 19, 1991. Incorporated by reference to Exhibit 10-A to the Company's report on Form 10-K for the fiscal year ended July 31, 1991. 10.17 Non-Qualified Stock Option Agreement dated September 25, 1991. Incorporated by reference to Exhibit 10-B to the Company's report on Form 10-K for the fiscal year ended July 31, 1991. 10.18 Severance Pay Agreement with Owen Farren. Incorporated by reference to Exhibit 10-C to the Company's report on Form 10-K for the fiscal year ended July 31, 1991. 10.19 Severance Pay Agreement with Ted D. Taubeneck. Incorporated by reference to Exhibit 10-D to the Company's report on Form 10-K for the fiscal year ended July 31, 1991. 10.20 Deferred Compensation Agreement with James E. Morris. Incorporated by reference to Exhibit 10-E to the Company's report on Form 10-K for the fiscal year ended July 31, 1991. 10.21 1991 Long Term Incentive Plan of SL Industries, Inc., as amended, is incorporated by reference to Appendix to the Company's Proxy Statement for its 1995 Annual Meeting held November 17, 1995, previously filed with the Securities and Exchange Commission. 10.22 SL Industries, Inc. Non-Employee Director Non-Qualified Stock Option Plan. Incorporated by reference to Exhibit 4.3 to Registration Statement No. 33-63681, filed October 25, 1995. 10.23 Capital Accumulation Plan. Incorporated by reference to the Company's report on Form 10K/A for the fiscal period ended July 31, 1994. 10.24 Amendment No. 1 to Non-Qualified Stock Option Agreement dated September 25, 1991 is incorporated herein by reference to Exhibit 4.5 to Registration Statement on Form S-8/A (No. 33-53274) filed with the Securities and Exchange Commission on June 18, 1996. 10.25 Non-Qualified Stock Option Agreement Incorporated by reference to Exhibit 4.3 to Registration Statement No. 33-65445 filed December 28, 1995. 10.26 Severance Pay Agreement with James D. Klemashevich. Incorporated by reference to Exhibit 10.26 to the Company's report on Form 10-K for the fiscal year ended July 31, 1997. 10.27 Severance Pay Agreement with David R. Nuzzo. Incorporated by reference to Exhibit 10.1 to the Company's report on Form 10-K for the fiscal year ended July 31, 1998. 10.28 Severance Pay Agreement with Jacob Cherian. Incorporated by reference to Exhibit 10.28 to the Company's report on Form 10-K for the fiscal year ended December 31, 2000. 10.29 Waiver and Amendment No. 1 to \$40,000,000 Revolving Credit Facility for SL Industries, Inc., Agented by Mellon Bank N.A. Incorporated by reference to Exhibit 10 to the Company's report on Form 8-K filed with the Securities and Exchange Commission on July 11, 2001. II-3 10.30 Change in Control Agreement between the Company and Mr. Owen Farren. Incorporated by reference to Exhibit 10.1 to the Company's report on Form 10-Q for the quarterly period ended June 30, 2001. 10.31 Change in Control Agreement between the Company and Mr. David R. Nuzzo. Incorporated by reference to Exhibit 10.2 to the Company's report on Form 10-Q for the quarterly period ended June 30, 2001. 10.32 Change in Control Agreement between the Company and Mr. Jacob Cherian. Incorporated by reference to Exhibit 10.3 to the Company's report on Form 10-Q for the quarterly period ended June 30, 2001. 10.33 Amended Change in Control Agreement between the Company and Mr. Owen Farren. Incorporated by reference to Exhibit 10.1 to the Company's report on Form 10-Q for the quarterly period ended September 30, 2001. 10.34 Amended Change in Control Agreement between the Company and Mr. David R. Nuzzo. Incorporated by reference to Exhibit 10.2 to the Company's report on Form 10-Q for the quarterly period ended September 30, 2001. 10.35 Amended Change in Control Agreement between the Company and Mr. Jacob Cherian. Incorporated by reference to Exhibit 10.3 to the Company's report on Form 10-Q for the quarterly period ended September 30, 2001. 10.36 Form of Amended and Restated Credit Agreement dated as of December 13, 2001 among SL Industries, Inc., Mellon Bank N.A., as Agent, and certain other persons. Incorporated by reference to Exhibit 10 to the Company's report on Form 8-K filed with the Securities and Exchange Commission on December 26, 2001. 21 Subsidiaries of the Company. Incorporated by reference to Exhibit 21 to the Company's report on Form 10-K for the fiscal year ended December 31, 2001. 23 Notice Regarding Consent of Arthur Andersen, LLP (transmitted herewith) 99.1 Executive Change in Control Rabbi Trust Agreement dated January 18, 2002. Incorporated by reference to Exhibit 99 to the Company's report on Form 8-K filed with the Securities and Exchange Commission on January 23, 2002. 99.2* Form of Instructions as to Use of Rights Certificates. 99.3* Form of Notice of Guaranteed Delivery for Rights Certificate. 99.4* Form of Letter to Shareholders Who Are Record Holders. 99.5* Form of Letter to Shareholders Who Are Beneficial Holders. 99.6*

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Form of Letter to Clients of Shareholders Who Are Beneficial Holders. 99.7* Form of Nominee Holder Certification Form. 99.8* Substitute Form W-9 for Use with the Rights Offering. II-4 99.9* Form of Beneficial Owner Election Form. 99.10* Backstop Agreement between the Company and the Investors Identified Therein, dated as of _____, 2002 ----- * To be filed by amendment. II-5 Item 17. Undertakings. (a) Regulation S-K, Item 512 Undertakings (1) The undersigned registrant hereby undertakes: (i) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (a) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933; (b) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and (c) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; (ii) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. (iii) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering. (2) The undersigned registrant hereby undertakes that: (i) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Company pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective. (ii) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. (3) The undersigned registrant hereby undertakes to supplement the prospectus, after the expiration of the subscription period, to set forth the results of the subscription offer, the transactions by the underwriters during the subscription period, the amount of unsubscribed securities to be purchased, and the terms of any subsequent reoffering thereof. If any public offering is to be made on terms differing from those set forth on the cover page of the prospectus, a post-effective amendment will be filed to set forth the terms of such offering. (4) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the provisions or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification is against such liabilities II-6 (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue. II-7 SIGNATURES Pursuant to the requirements of the Securities Act of 1933, the Company has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Mt. Laurel, state of New Jersey, on October 11, 2002. SL INDUSTRIES By: /s/ Warren Lichtenstein ----- Warren Lichtenstein Chairman of the Board Chief Executive Officer POWER OF ATTORNEY SL Industries, Inc. and each of the undersigned do hereby appoint Glen Kassin and Warren Lichtenstein, and each of them severally, its or his true and lawful attorney to execute on behalf of SL Industries, Inc. and the undersigned any and all amendments to this Registration Statement on Form S-1 and to file the same with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission; each of such attorneys shall have the power to act hereunder with or without the other. Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the indicated capacities

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on the dates indicated. By: /s/ Warren Lichtenstein Date: October 11, 2002 -----
Warren Lichtenstein - Chairman of the Board and Chief Executive Officer (Principal Executive Officer) By: /s/ Glen
Kassan Date: October 11, 2002 ----- Glen Kassan - President and Director By: /s/
David R. Nuzzo Date: October 11, 2002 ----- David R. Nuzzo - Vice President -
Finance and Administration, Treasurer and Secretary (Principal Financial Officer) By: /s/ J. Dwane Baumgardner
Date: October 11, 2002 ----- J. Dwane Baumgardner - Director By: /s/ James R.
Henderson Date: October 11, 2002 ----- James R. Henderson - Director By: /s/
Richard Smith Date: October 9, 2002 ----- Richard Smith - Director By: /s/ Mark
E. Schwarz Date: October 9, 2002 ----- Mark E. Schwarz - Director By: /s/
Steven Wolosky Date: October 11, 2002 ----- Steven Wolosky - Director By: /s/
Avrum Gray Date: October 11, 2002 ----- Avrum Gray - Director II-8